

Iran President pledges release of four Britons

President Bani-Sadr of Iran has told 'The Times' that the four Britons detained in a Tehran jail will definitely be freed. He said that documents which had been thought to indicate that they were spying gave no proof of such activities. No charges against the four have been made. They were arrested in August.

'Documents not proof they were spies'

From Tony Allaway
Beirut, Feb 5
President Bani-Sadr of Iran has said that four Britons held in a Tehran prison will be freed. In an interview with 'The Times' in the southern zone of Khuzestan, he said that the authorities responsible for the case "have told me they will be freed."

He added: "It has been said that there were some documents that they were spying. I recently they said the documents do not prove they were spies."

The four Britons, Dr John Coleman, his wife Audrey and Miss Jean Waddell, all mission-aries, and Mr Andrew Pyke, a businessman, were arrested last August at the height of anti-British feelings in Iran. They are believed to be held in Tehran's Evin prison but so far no charges against them have been announced.

The President said he personally hoped they would be freed "and go anywhere they liked."

He strongly criticized Britain for refusing to supply military equipment that Iran had paid for, as a result of the detentions.

"If some Iranians have been imprisoned in your country do you think it fair if we hold up goods that belong to you and keep them? There is a wrong thing going on in the world in that one bad action is answered by another, after crisis for human beings in the world."

The President saved his harshest criticism for the French and their decision to supply arms to Iran. "That was a hostile action. It is not in France's interests to make a nation its enemy," he said.

In a reference to Iraq President Bani-Sadr added: "This will only satisfy the aggressive fascists. We hope the French nation puts pressure on its Government of course we have protested and we will protest again."

The President was circumspect about the situation on the war fronts but repeatedly indicated that Iran's war effort was suffering from a shortage of materials.

"We are not getting ammunition or equipment from any part of the world and we thus have to prepare our war plans in a way that we lose as little ammunition and weapons as possible. If we had had the necessary weapons I could even have told you in how many days the war would have been over."

The President implicitly acknowledged that the Iranian counter-offensive launched last month had bogged down. "Did you expect us to overcome them in one attack?" he asked.

He said that Iranian forces were involved in a third phase of the battle which is trying to weaken and wear down the Iraqi forces.

The President was even more circumspect about the internal political situation. Speaking of fundamentalist newspapers launched unprecedentedly sharp attacks on him, he would not be drawn into an opinion on the present Government.

Asked if he had put pressure on Ayatollah Khomeini to replace Mr Muhammad Ali Rajai, the Prime Minister, with a more moderate figure, he said: "I can't put pressure on (the ayatollah)... I told him what was my belief and ideas."

Opposition rallied, page 6

PLO leader has vision of a 'democratic oasis in the Middle East' for the Palestinian people Mr Arafat offers to visit Moscow in search of an Afghan solution

From Robert Fisk
Beirut, Feb 5
Mr Yasser Arafat, the chairman of the Palestine Liberation Organization, is prepared to act as a mediator in the Afghan conflict, if necessary by going to Moscow to propose a solution. In a long interview with 'The Times' he has also declared that if a Palestinian state was to be created, it would be a liberal democracy with free elections.

"A democratic oasis in the Middle East" as he expansively put it. The new Palestine would then be ready to enter a special relationship with Jordan.

The PLO leader, clad in his ubiquitous black and white kuffiyeh headscarf and wearing on his hip the loaded revolver that has distinguished his appearance for the past 13 years, was giving his first interview to a British newspaper since President Reagan took office. He said that he had been "astounded" at Mr Reagan's most recent condemnation of the PLO as terrorists and revealed that he had instructed the PLO's representative at the

United Nations to send a memorandum to Dr Kurt Waldheim, the United Nations Secretary-General, condemning the President's attack.

Mr Arafat, however, scrupulously avoided insulting the new American Administration, directing his scorn against ex-President Carter rather than his successor. And on several occasions, he departed from his usual demand that the United States should recognize the PLO, referring instead to the necessity of recognizing "the legal rights" of the Palestinians.

This shift of emphasis may seem of little consequence but Middle Eastern politics often revolve around the minutiae of such formula changes.

"I still remember what happened with Carter," Mr Arafat said. "On the first day he came to power, he gave his famous slogan about 'a homeland for the Palestinians'. At first, we said: 'OK, let us wait and see'. And as chairman of the PLO I said that I appreciated what had been said. But I appreciated this too much... and what was the result?"

Camp David, he said, had turned out to be "a conspiracy of self-interest" and after President Sadat's visit to Jerusalem in 1977, Mr Brzezinski, Mr Carter's National Security Adviser, had given an interview in which he had said: "Bye-bye PLO."

"So we are not looking for what the Americans are saying now. We prefer to wait and see. I hope that the American Government and the American Administration will recognize the legal rights of the Palestinian people, which have been accepted by the United Nations. We are four million people and we have been living in this tragedy for 32 years. Sixty per cent of our people have been kicked out of their homelands and are stateless... The Americans have a moral and an historical responsibility over the Palestinians."

In the course of his interview, in a heavily guarded 10-storey office block in west Beirut, Mr Arafat's mood would change dramatically. One moment he would be outlining with great

Continued on page 7, col 3



Fishermen unloading the last of their catch yesterday at Peterhead, where a strike against cheap fish imports is expected to be complete today. More than 800 boats were tied up at Scottish ports as the protest continued. In Grimsby, 250 smack owners laid up their ships in support of fishermen in north-east England ports. Fish aid review, page 2.

H-block deadline for new hunger strike

From Craig Seton
Belfast, Feb 5
The Government faces a new confrontation over the H-block issue after republican prisoners at Maze Prison in Northern Ireland yesterday set a three-week deadline for another hunger strike over their demands for political status.

A statement issued by the men in the Maze and by women at Armagh prison said a fast to the death, if necessary, would start on March 1. But in the Commons, Mr Humphrey Atkins, the Secretary of State for Northern Ireland, said again that political status would not be granted.

In their statement, issued through Provisional Sinn Féin, the prisoners said they had been patiently for seven weeks at the end of the last hunger strike for evidence that the Government was prepared to solve the crisis, but "obstacle was placed in our way."

They claimed that conditions had worsened. They had chosen the fifth anniversary of the phasing out of special category status for the new hunger strike. The statement did not reveal how many would take part, but some sources said there would be four men, three IRA and a member of the Irish Republican Socialist Party, and possibly at least one woman.

If a new hunger strike was sustained for as long as the last one it could take a protest into the Easter period, a traditional time of Republican marches.

Mr Atkins, in a lengthy parliamentary answer, said the principles by which the Government have stood in the face of the protests at the Maze and Armagh prisons still stand. It will not concede that it should now establish, within the normal Northern Ireland prison regime, a special set of conditions for particular groups.

"It will not surrender control of what goes on in the prisons to a particular group of prisoners. It will not concede the demand for political status or recognize that murder and violence are less culpable because they are claimed to be committed for political motives."

Mr Atkins made it clear that the men would have to conform fully to the prison regime before they could enjoy the privileges which he had previously set out, including their own clothing, but they had failed to do this. Provisional Sinn Féin sources in Belfast gave a warning that this time at least one death was likely if the issue was not resolved and it was possible that it could be a woman.

The men and their supporters outside claim the Government reneged on an agreement over improved prison conditions, but feel that they have a lot from the last hunger strike and now have a chance of regaining the initiative.

Their statement says that the original hunger strikers were "morally blackmailed" by those who called on them to end the fast. It now needed to be asked of the Irish bishops, particularly Cardinal Tomás O'Fiaich and Mr John Hume, leader of the Social Democratic and Labour Party "what did your recommended ending of the last hunger strike gain for us?"

It goes on: "Where is the peace in the prisons which like a promise was held before striking men's eyes? Who but the British are responsible for our state which is far worse today than it ever was?"

Disruption by civil servants 'inevitable'

By Our Labour Reporter
Civil Service union leaders last night said that a campaign of industrial action against the Government next month was inevitable after they were made a 6 per cent pay offer which is virtually non-negotiable.

Leaders of the nine unions, representing 580,000 white collar civil servants, were told by government negotiators that pay increases would not be allowed to exceed 6 per cent. That is in line with the cash limit the Government will shortly announce for pay increases for direct state employees.

The unions, at a short meeting yesterday with Mr Gordon Burrett, deputy secretary at the Civil Service Department in charge of pay negotiations, submitted a 15 per cent claim.

Mr William Kinnear, secretary general of the Council of Civil Service Unions, said afterwards: "They made no attempt to answer any of the arguments we put to them and this means industrial action is now inevitable."

The unions have for some weeks been preparing a campaign of concerted action which includes disrupting government computer centres and collection of revenues. They gave warning yesterday that air traffic and support personnel might also be involved.

The unions are guaranteeing striking members 85 per cent of gross salaries, and estimate that a sustained dispute will cost them £300,000 a week. A fighting fund of more than £1m has been agreed.

The unions' intention is to cause disruption for the Government which would have as little impact as possible on the public. They aim to block the collection of revenues which would affect the Public Sector Borrowing Requirement and money supply.

However, they would not rule out action in the departments of health and social security and employment.

Index-linked pensions needed in private sector, report suggests

By David Felton
Labour Reporter
An inquiry into the value of inflation-proofed pensions covering five million public service workers has concluded that there would be justice in extending index-linked pensions to workers in the private sector.

The report of the inquiry, headed by Sir Bernard Scott, deputy chairman of Lloyd's Bank and former chairman of Lucas Industries, which was published yesterday, also suggested that it may be necessary for £50,000 which civil servants pay to pay higher contributions for their pensions.

A wide range of state employees, including local government workers, teachers, miners, nurses, the police, and other nationalised industry workers are covered by index-linked pension agreements. The scheme, which was introduced in 1974, cost £3,230m last year, with £1,300m of that figure covering past and present pension increases.

In suggesting that the Government should examine the possibility of making index-linked bonds available on the money markets to fund inflation-proofing of pensions outside the public sector, the report said: "It is a highly desirable social objective that the standard of living of those in retirement should be protected."

The report points to the fact that it is recognized in countries such as France and West Germany where benefits to pensioners are superior to those in Britain and index-linking applies to public and private sectors.

Introducing the report yesterday, Sir Bernard said he saw no reason why index-linking of pensions should necessarily be inflationary if contributions were pitched at the right level.

On that point the report said: "Good pensions, like anything else, have to be earned and paid for during working life and the burden to be shouldered over the next 20 years will steadily grow."

"As a society we fail to face these realities. We shall find that the present that it is a highly desirable social objective that the standard of living of those in retirement should be protected will be but an empty phrase," it said.

Sir Bernard denied that the committee had exceeded its terms of reference by commenting on the value of extending inflation-proofed pensions to cover private sector workers.

The committee was established in May last year after an announcement in the Commons by the Prime Minister. Its terms of reference were to inquire into the value of differences in the inflation protection of occupational pensions and the value of relative job security for civil servants and other conditions of service.

Other members of the committee, which took evidence from 200 organizations and individuals, were Lord Alexander of Jarratt, chairman and chief executive of Reed International, Mr Gavin Laird, executive council member of the Amalgamated Union of Engineering Workers, Mr Robert Macdonald, general manager of the Scottish Mutual Assurance Society, and Professor Harold Rose, who is group economic adviser to Barclays Bank.

The committee appointed Professor R. A. Brealey and Dr D. Hoag of the London Business School, to examine the question of uncertainty over future inflation rates suffered by private sector employees and, although the committee disagreed with their assumption of negative real rates of return on investments, it thought their "novel approach" was of considerable interest and merited serious consideration.

The report points out that the Wilson committee of inquiry into the City and financial institutions was evenly divided on the question of issuing indexed bonds for pension funds, but says: "We suggest that the Government should look seriously at the case for issuing indexed bonds to cover pension liabilities."

The report continues: "In our work, it has been forcefully reminded that the main

Continued on page 2, col 1



Sir Peter Medawar, Lord Olivier and Leonard Cheshire, first OMs since 1977

Three named for Order of Merit

An actor, a scientist, and a war hero are to become members of the Order of Merit, Buckingham Palace announced last night.

Lord Olivier, Sir Peter Medawar, and Group Captain Leonard Cheshire are the first members to join the order since 1977. They replace Lord Mountbatten of Burma, Lord Sutherland, and Sir Alexander Macdonald, who have all died within the past two years.

The order is limited to 24 members, with the addition of foreign honorary members, and is one of only four in the Queen's personal gift.

Lord Olivier, now 73, was made a life peer in 1970. He began his acting career in 1922 and has played most of the important roles in the British theatre.

Group Captain Leonard Cheshire, VC, aged 63, founded worldwide chain of 'Cheshire Cheshire Foundation Homes for the disabled.'

He commanded the RAF 'Dambuster' squadron during the Second World War.

Sir Peter Medawar, FRS, aged 65, is a medical scientist and scholar who won the Nobel Prize for Medicine in 1960 for his work on transplant surgery. He was director of the Medical Research Council from 1962 to 1971.

Neutron bomb denounced in Soviet Union

The Soviet Union is gearing up its propaganda apparatus for a renewed onslaught against the neutron bomb after American announcements that the United States would like to continue to develop the weapon. Mrs Thatcher told the Commons that it was unlikely that the proposed bomb would be based in Britain and the State Department in Washington attempted to calm European fears.

Rebuff for TUC

The TUC's demand that the Government should reflate the economy by increased public spending was rejected by the Prime Minister. Opening a Commons debate, she said that her Government's fight against inflation was the only way to eventual prosperity.

New terror in Italy

Italian police arrested the suspected leader of the Prima Linea terrorist organization after a shoot-out in Turin. In an upsurge of violence in Milan Red Brigades gunmen seized a factory foreman and kidnapped the wife of a building contractor.

Police 'race squads' move supported

The idea being considered by the Home Office of special police units to deal with racist attacks was welcomed by an Oldham community worker. The main cause of growing violence, he said, was high unemployment among young people in run-down areas.

Uplift for crumbs

A new way of treating breadcrumbs has revolutionised the flagging commercial crumb market and development work has started to introduce 'novelty coat lines' for only for seafood and poultry but for cakes, desserts and confectionery.

How siege PC hid gun

Police Constable Trevor Lock, who was in the Iranian Embassy in London during the siege, described how for four days he declined opportunities to wash himself because he feared the pistol he was hiding would be discovered.

Witness sent to jail

A hunt saboteur who appeared in court as chief prosecution witness against members of a hare-coursing club accused of assaulting anti-hunt demonstrators was jailed after refusing to agree to be bound over to keep the peace for two years.

West Germany and France open talks

The thirty-seventh Franco-German summit meeting opened in Paris and leaders of both countries emphasized the "great cordiality of the talks" intended to bring a common analysis of East-West relations, détente, the Polish crisis, Afghanistan, and of Europe's role in the Middle East peace initiative and world affairs.

2,000 jobs lost

More than 2,000 jobs are being lost in the heavy vehicle industry. GKN Sankey, supplier of truck wheels, chassis and cabs is cutting 1,241 jobs at Telford, Shropshire, while 810 jobs are going at Seddon Atkinson, the truck manufacturer, in Lancashire.

Talks on NUS dispute

The two sides in the seamen's dispute are to meet tomorrow, raising hopes of a settlement.

Classified advertisements: Personal, pages 24, 25; Appointments, 18; Car buyers' guide, 24; Property, 24

page, 15	On a centre party, from Mr William Wallace, and Mr Tom Cross; trade with Russia, from Mr Cyril Townsend, MP	Leading articles: Induced pensions; Basques: Landlords and tenants; Features, pages 3, 14	Michael Horsbury on Europe's Middle East initiative; Michael Sington's diary, from Siberia; Arts, page 11	David Robinson reviews Tarkovsky's 'Stalker' and other films new in London; W. J. McCormack on James Joyce	Sport, pages 12, 13	Ice skating: British couple poised to bring back title; Boxing: Cowdell to meet world No 1 contender; Football: Ipswich support Leicester; new points plan; Athletics: Coe in Britain team to face East Germany	Obituary, page 16	Mr Geoffrey Dyson, General Sir William Scott	Business News, pages 17-23	Stock markets: Equities recovered after the disappointment over an unchanged minimum lending rate. Gilt showed losses of up to a £1. The FT index closed 6.9 points down at 472	Financial Editor: Lanchester sets the scene: Business features: Nicholas Hirst and Michael Pratt on London's new International Petroleum Exchange; Kenneth Owen on ruling the roost at year end and year Business Diary: Down memory lane to the Morris car works, Oxford.	Letters: 15, 18	Snow reports: 13
Motoring: 18	TV & Radio: 12, 13	Parliament: 19	Theatre, etc: 22	Premiere Bonds: 16	25 Years Ago: 17	Sele Koom: 14	Other: 16	Science: 16	Wills: 16				

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Somalia: world's worst refugee crisis

TIME and MONEY

RUNNING OUT FAST

Every day another 3,000 refugees leave the Ogaden in Ethiopia. They flee to Somalia, an underdeveloped and poor country where one person in every three is a refugee. They wait in makeshift camps for governments to decide their fate. They could be there for a very long time.

The camps are grotesquely overcrowded. Food supplies are uncertain and there is a constant fear of cholera or typhoid epidemics. Oxfam field workers report that the situation is almost out of hand. Just one failure in the delicate supply lines could cause an unprecedented disaster.

HELP DESPERATELY NEEDED NOW

These are the problems: Lack of water—people are digging holes in river beds and scooping the water out with cups. Better water supplies are needed for the increasing refugee population.

Medical care—the state of the new refugees is getting worse. They need extra food for the children and more medical help. Oxfam already has a medical team in one of the biggest camps.

Money running out—as the numbers intensify, money is getting desperately short. Oxfam will soon have to take money from other programmes to help. When the money runs out, the problems will still be there.

Almost two million people are on the brink of a disaster. We can't just let it happen. We must find the money to carry on to meet the new needs. Will you help?

Please send us a donation today.

Here is my donation for your work in Somalia. I enclose

☐ £ ☐ £25 ☐ £10 ☐ £5

Please send me your latest progress report.

Name

Address

To Guy Stringer, Room T28 Oxford, 274 Banbury Road, Oxford OX2 7DZ.

Thankyou.

HOME NEWS

Prime Minister refuses to offer any concession in rejecting the TUC's demand for reflation

By Hugh Noyes
Parliamentary Correspondent
Westminster

Mrs Margaret Thatcher yesterday publicly rejected the call from the TUC to reflate the economy by increased public spending, saying that the centre piece of the Government's strategy remained the conquest of inflation.

Opening a debate in the Commons on her economic and industrial policies, the Prime Minister said that to spend another £4,700m, as the TUC was proposing, would take the Government in a completely opposite direction to the one it had chosen.

If the union proposals were financed honestly, they would lead to increased borrowing and higher interest rates, which would damage industry's chances of recovery. If they were not financed honestly, and Mrs Thatcher said that was much more likely, the proposals would put the nation on the road to hyperinflation.

While acknowledging that the unemployment figures highlighted a human tragedy as well as a tragic waste of resources, and that there was growing concern at the continuing high level of unemployment, Mrs Thatcher told the House that the fight against inflation was far more than a worthy end in itself. It was the only way that the other economic goals could be achieved.

There was little in the Prime Minister's firm reaffirmation of government policies to cheer those MPs on her own side of

the House or on the Labour benches who are urging a change of course in the interests of the unemployed.

The TUC and the Labour Party, she said, were urging the Government to go down the same old path that had been tried unsuccessfully in the past. Their proposals amounted to a huge injection of money into the economy that would take us into still higher inflation, with no prospect of unemployment ever being reduced.

Emphasising the need for industry to become more competitive, she said that inability to compete was one of the main reasons for the shortage of orders.

The TUC's economic review for this year suggested that the unions had not learnt that lesson.

With little new to tell the House and with her message that the nation must continue to take its medicine without much sugar for the foreseeable future, Mrs Thatcher's speech was inevitably a low-key affair.

She announced, however, two new enterprise zones for the North, in Hartlepool and in Kirkby, near Wakefield.

Mrs Thatcher went on to say that things could not be put right without some pain in the process.

Stripped of the verbiage, the Prime Minister said, the call for massive extra spending of money the country did not have meant that Labour's policy was to create a new round of inflation.

tion to cure the present unemployment.

That was forgetting that the present unemployment was partly caused by the last round of inflation. The inflationary dose would have to be repeated in ever larger quantities and at ever shorter intervals.

Looking on the brighter side, Mrs Thatcher pointed out that, without controls on prices or incomes, inflation was coming down and wage settlements were moderating. For the first time for many years there was the chance to move into expansion without those inflationary distortions to correct and with our own secure supply of energy.

Mrs Thatcher said she would have set the Commons afire with oratorical fervour, but Mr Michael Foot, the Leader of the Opposition, delivered a speech of such muddled complexity that even his warmest admirers must have despaired.

He accused Mrs Thatcher of failing to understand the scale of the crisis and said unemployment was far greater than she was prepared to admit. Her accounts of how the country was escaping were too optimistic and, although she might succeed in bringing down inflation, the result of her policies for industry and employment would be catastrophic.

The debate ended with the Commons approving of the Government's economic and industrial policies after an Opposition amendment by 309 votes to 240, a government majority of 69.

Parliamentary report, page 10

Liberal MP's warning to social democrats not being taken as insuperable obstacle

By Fred Emery
Political Editor

A Liberal MP's warning to the emerging social democrats that they could have no alliance with his party if all they intended was a "rehash" of the Labour Party was not being taken last night as indicating difficulties for the new grouping.

Mr Cyril Smith, MP for Rochdale, making much of the fact that he was speaking with the authority of Mr David Steel, the party leader, said on the BBC's *World at One* programme: "If in fact what they are trying to create is a Labour Party in all but name, there will not be an alliance."

Mr Smith has never been enthusiastic about a fourth party. But it is understood that at a meeting of Liberal MPs, he signified his agreement with Mr Steel's strategy of working towards an alliance with the social democrats.

However, Mr Smith has also expressed his suspicion that the Labour dissidents might harm the Liberals, and deep down, nurture the idea that they represent the "true" Labour Party.

Mr Steel does not apparently share those fears. He does, however, in a strategy letter to about 200 Liberal candidates, confirmed the policy he has several times set out in the record. It is the first formal guidance he has given to Liberal candidates already chosen.

Mr Steel makes clear that he welcomes, and that all Liberals should welcome, any "moves to break the existing political parties and put up candidates who are not members of any of the three main parties. He outlines a three-phase approach. First, the Labour dissidents must leave their party, and if they do not, the Liberals must press on alone.

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reach agreement on a common political programme, and work together for the rest of this Parliament. Mr Steel notes that the Labour dissidents might harm the Liberals, and deep down, nurture the idea that they represent the "true" Labour Party.

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Survey suggests seats alliance party might win

By Ian Bradley

Social democratic candidates could win 10 seats and Liberals could win 10 seats, according to a survey carried out by the regional branch of the Social Democratic Alliance (SDA).

The survey calculates that there are 25 seats in that region which could be won by an alliance of social democrats and Liberals. The calculations are based on findings by national opinion polls that about 38 per cent of the electorate would support such an alliance.

The suggestion that social democrats would do better than Liberals in Devon, Cornwall, Dorset, Somerset, Avon and

Gloucestershire, is likely to annoy Liberals, who have traditionally regarded the West Country as one of their strongest areas.

Mr Roy Morris, a former Labour member of Bristol City Council and now south-west organizer of the SDA, who conducted the survey, said that he thought there would be few constituencies where there would be clashes between Liberals and social democrats about who should stand.

He expected social democrats would stand in Exeter, the three Plymouth seats, Bristol and most of the Gloucestershire seats, leaving Liberals to contest the more rural seats in the region.

He said that social democrats in constituencies where Liberals were strong were not being encouraged to form their own parties and put up candidates. However, he was worried by the formation of a Democratic Group, which includes former Labour Party members and dissident Tories, in West Wiltshire.

Earlier this week Mr David Steel, the Liberal leader, wrote to the party's 200 selected parliamentary candidates suggesting a Liberal and social democratic alliance with an agreement to avoid more than a single candidate in any one constituency. So far his letter has been well received by most

of the prospective candidates. Title change: Mr David Alton, who won a by-election for the Liberals in Liverpool, Edge Hill, from Labour in 1979, has backed a plan for a secret ballot among the 2,000 members of the Edge Hill Liberal Association on whether they should change the title to the Liberal and Social Democrat Association.

There is opposition to the proposal from senior Liberal members of Liverpool City Council, on which the party has minority control, as well as among the grass root members.

Geoffrey Smith, page 14
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Date of fish aid review advanced

By Our Agriculture Correspondent

Ministers tried to meet fishermen's demands for more aid yesterday by bringing forward the annual March review of the industry at which subsidy claims are examined. Mrs Margaret Thatcher said after the Cabinet discussion on the subject that the review date had been changed because the industry faced a "grave crisis".

It is almost certain that subsidies will be continued after the end of the financial year in March, but initial payments will be much less than the £30m considered necessary by some boat owners. State subsidies to the fishing industry in the present financial year will be worth more than £37m.

The Cabinet heard from Mr Peter Walker, Minister of

Agriculture, Fisheries and Food, that fishermen faced a continuing cost-price squeeze which would not be alleviated by early agreement in the EEC about a common fisheries policy.

Mr Walker said after the meeting that early action was necessary because of "recent developments affecting returns to the fishing industry". He added: "During the past year the industry has been confronted with a range of serious economic problems in the shape of a simple answer to the question of an agreement for a common fisheries policy."

The latest government action reflects pessimism about the bargaining session, which resumes on Monday, about a common EEC policy. Mr Walker and other ministers have had talks about fish this week with the French and Dutch governments and with

senior officials of the European Commission.

Dutch review: Mr Gerrit Braks, The Netherlands Minister of Agriculture and Fisheries, is to look, again at the Dutch fish fish is reaching Britain at low prices (Our Parliamentary Staff reports).

Mr Alick Buchanan-Smith, Minister of State for Agriculture, Fisheries and Food, told the Commons standing committee on the Fisheries Bill yesterday that Mr Braks had told him firmly on Wednesday night in London that he had no knowledge of fish being withdrawn from sale in the Netherlands at below the minimum price, resold and exported.

He said that he was unequivocal about that, but had promised to look at the matter again and to let British ministers know the result of his inquiries.

Protest on choice of Mr Powell

By Our Political Staff

Lord Avebury, the Liberal Party's spokesman on race relations and immigration, protested yesterday to Mr Roy Hattersley, Labour Party Secretary, that the Committee of Selection that Mr Enoch Powell, Official Ulster Unionist MP for Down, South, should be appointed to the standing committee that is to examine the Nationality Bill.

The Liberals had put forward the name of Mr David Alton, MP for Liverpool, Edge Hill, as a representative of the minority parties. Since the Liberals have no member on the Committee of Selection, they have to rely on the recommendations of the Labour whips.

"I was horrified and amazed to learn that Mr Enoch Powell, whose views on race are well known and who has been objecting to you as they are to me, has been appointed to serve on the Nationality Bill standing committee as a result of the decision of your whips," Lord Avebury wrote to Mr Hattersley.

Mr Philip Holland, Conservative MP for Carlton and chairman of the committee in Scotland, said last night that both names had been discussed by the committee.

It was found that Mr Alton was already serving on the standing committee examining the British Telecommunications Bill. It was not the custom to put a member on two standing committees at the same time.

Seamen's union to meet employers

By Donald Macintyre
Labour Reporter

The first move for nearly a month towards a possible settlement of the seamen's dispute came yesterday when talks between the two sides were arranged for tomorrow by the Advisory, Conciliation and Arbitration Service (Acas).

The General Council of British Shipping and the National Union of Seamen will attend talks at the invitation of Acas, chaired by Mr Dennis Boyd, the agency's chief negotiator. Provisions has been made for the talks to last at least two days.

The peace move came a few hours before Mr Adrian Swire, president of the shipping council, gave a gloomy warning of the trading effects of the dispute and said that the British shipping industry was now at a watershed. The industry could either accept its competitive position or "go fast downhill", he said.

Mr Swire told a dinner of the council's North-east district in

Newcastle upon Tyne that when the strike was over there would be far fewer British ships and far fewer orders for new ships. "Far more British ships will be sold to foreign owners and the resultant position of the NUS members will be infinitely worse than it was before the strike started."

Mr Swire told a press conference in Newcastle that the union had consistently refused to budge their position of the council's 12 per cent pay offer and added: "We believe the reason that they have refused is that they could lose. The men are being misled."

Although Acas has maintained informal contact between the two sides since the beginning of the dispute, it has led to the halting of about 200 ships in ports across the world, this weekend's talks will be the first since negotiations collapsed on January 10.

It was assumed in Whitehall yesterday that Mr Boyd had formed the impression that there might be some room for a compromise.

The Acas move came the day after Townsend Thoresen, the two ferries halted at Southampton. The NUS maintains that the deal was equivalent to a 14.3 per cent increase but the council declared that it was firmly in line with its own 12 per cent guidelines.

The NUS continued to make clear yesterday that it was seeking from the council significant further movement towards its claim for overtime payments at a rate of time and a half.

Mr Swire said yesterday that the council would certainly be going to the talks and added: "Maybe the logjam has broken a bit."

Lamb imports lost: Supplies of New Zealand lamb have been reduced sharply by the seamen's strike, FMC the largest meat company in Europe, said yesterday.

It predicted that imports would be cut by between 16,000 and 20,000 tonnes in the first two months of this year.

Pension report displeases Mrs Thatcher

Continued from page 1

objective of public policy must be to beat inflation, we have also been reminded of the serious concern that pensions over a high proportion of the private sector are not good enough. This is so even allowing for the state scheme which comes into full effect in 1981.

"In the meantime, it is a fact that the private sector employee cannot acquire a pension that has a guarantee of inflation-proofing on any terms. Especially during this present period of recession and economic stringency, the feeling of injustice so widely held in the private sector must be recognized."

Turning to the question of pensions contributions made by civil servants, the report says that the deduction for white-collar workers should be between 3 and 81 per cent. The deduction in 1980, calculated

by the Government Actuary as the value to civil servants of index-linking, was 3.8 per cent.

When added to other contributions made by civil servants, the total deduction from path of civil servants is in the range 7 to 131 per cent. That compares with the contribution of 7.9 per cent made by civil servants which, says the report, is twice as high as contributions paid by workers in comparable jobs in the private sector.

It accepts the suggestion of the Government Actuary that there should be more public scrutiny of the pensions comparison exercise and that he should be allowed to make wider use of professional actuarial bodies as a forum for discussion.

Trade union reaction to the report was generally favourable. Mr Geoffrey Dring, general secretary of the National and Local Government Officers Association,

said: "A hand-picked inquiry, having no particular sympathy with the public sector and despite a very clear invitation to reach conclusions hostile to it, has produced a responsible report."

Prime Minister disappointed: The Prime Minister's disappointment at the inconclusive nature of the Scott report was not concealed in Whitehall yesterday (Our Political Editor writes).

When setting up the inquiry she had indicated that she hoped the exercise would produce a simple answer to the adjustments needed in contributions by civil servants. In the face of the dense complexities of the comparisons now reported, more consideration will be needed before action can be taken.

Leading article, page 15
Financial Editor, page 19

Print unions reject 'Times' proposals by Mr Murdoch

By Paul Routledge
Labour Editor

Trade union opposition to Mr Rupert Murdoch's terms for taking over the Times and papers grew yesterday when leaders of the two main print unions formally rejected redundancy proposals.

The national council of the National Graphical Association, the craft union, unanimously insisted that they would not accept compulsory redundancies. Nor would they accede to News International's suggestion of a 12-month pay freeze.

The executive council of the National Society of Operative Printers, Graphical and Media Personnel (Natsop), also rejected the scale and method of redundancy the labour force. Natsop leaders joined the NGA in demanding that the printing of the three weekly supplements should be retained at Gray's Inn Road.

Mr George Jerrom, national officer of the NGA, said: "We will continue to make what progress we can. We hope the company will see the value of what we are saying and moderate their position in order that the titles can be kept going."

Hopes of a breakthrough in

the negotiations with Mr Murdoch's management now rest on meeting between News International and the newspaper union general secretaries on Monday when the central issues of redundancies, pay and a dispute procedure guaranteeing continuous production will be discussed.

Leaders of the NGA, Natsop and the Society of Graphical and Allied Trades met this afternoon to draw up counter-proposals to a dispute procedure that would cover unofficial walkouts, without (in Mr Jerrom's words) "hanging the innocent as well as the guilty". News International has sought so far to introduce "generally clauses" that would involve loss of pay for workers other than those directly involved in an unofficial dispute.

Mr Owen O'Brien, general secretary of Natsop, said last night: "Mr Murdoch is a practical man, and he must know as well as I know that the reduction in staff being put forward is completely unacceptable." Outbacks of up to 50 per cent in some areas have been proposed, with the company reserving its right to impose redundancies where there were insufficient volunteers.

Drugs raid on Bristol café not botched, policeman says

From Lucy Hodges

A police officer told Bristol Crown Court yesterday that he had no regrets about the drink and drugs raid which started the St Paul's riot in Bristol last April. He said the raid had been worth it.

Detective Sergeant Kelvin Hattersley, of the drugs squad, was being cross-examined on the third day of the trial of 12 people charged with riotous assembly. They have pleaded not guilty.

Mr Hattersley was asked by Mr Edward Rees, a defence counsel, whether he thought the discovery of three quarters of a pound of cannabis in the Black and White Café, which resulted in the arrest of one man, who received a suspended prison sentence, had justified the raid. The ensuing riot led to £250,000 of damage, Mr Rees said.

Sergeant Hattersley replied: "Yes, Sergeant Hattersley replied: 'You are not a fool, are you?' The officer replied: 'No, sir.'"

"In the end, this raid was completely botched, was it not?" Mr Rees asked. "No, it went off as planned," the officer replied.

He agreed, however, that it

was the squad, dressed in plain clothes, who more than anyone else caused the trouble in Bristol. Until they were seen leaving the café there had been only a bit of jostling while the illegal alcohol was being removed.

Other drug squad officers were called as witnesses by the prosecution. They described how a group of about fifty youths started to chase them when they left the café.

Det Constable Jonathan Clark said that he heard the youths shouting: "He's got the dope". The police officer was kicked many times, he said, as also were the other policemen with him.

Because the youths were cut off, they decided to retrace their steps. They came under a heavy barrage of bricks, tiles and a breeze block as they tried to leave in a police car, he said.

Police Constable Timothy Evans told the court how he drove the car away from the scene under a hail of missiles. The windscreen was smashed, so he was steering with one hand and shielding his face with the other.

As he drove off, a brick which came through the windscreen smashed his watch and cut his hand.

The trial continues today.

More criticism of Bill on attempted crime

By Marcel Berlins
Legal Correspondent

The proposed new law making it a crime to interfere with cars could have a "deterrent effect" on community relations, the National Association of Probation Officers told the House of Commons standing committee on the Criminal Attempts Bill yesterday.

The new crime has been put into the Bill partly to replace the much-criticized "sus" law, which the Bill would abolish.

Representatives of the association, however, said in a written statement that the proposed interference offence "would virtually require a defendant to prove his innocence, and courts would be required to decide the criminality or otherwise of observed actions capable of several different interpretations, including innocent ones."

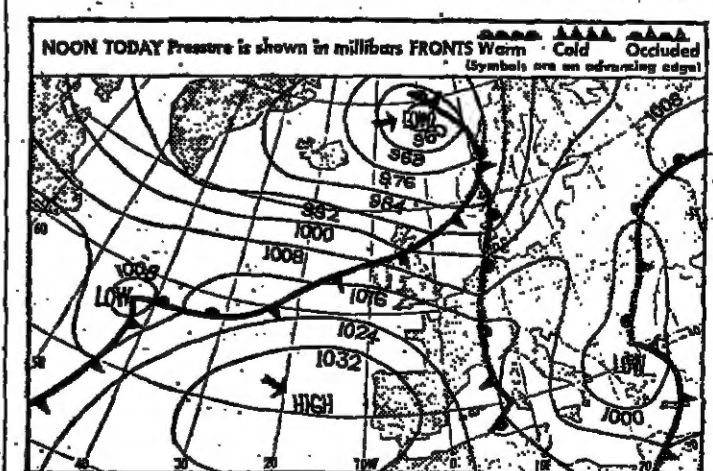
Similar criticism was voiced by Mrs Leah Harvey and Mrs Prendergast, chairman and deputy chairman of the South Central Division, Inner London Magistrates' Court, and Lady Mitchell, a West London Division magistrate.

The National Council for Civil Liberties and the "Scrap Sus" campaign added their weight to the body of criticism.

Another part of the Bill attempts to commit "impossible" crimes, came under equally strong attack from two distinguished academic witnesses, Professor Glanville Williams, QC, of Cambridge University, and Professor J. C. Smith, of Nottingham University.

"I think it demonstrable that the Bill, if passed in its present form, will put money into the pockets of lawyers without the time of the courts and reduce the law to confusion, until such time as judicial decisions have assured some certainty to it," Professor Glanville Williams said.

Weather forecast and recordings



NOON TODAY Pressure is shown in millibars. FRONTS: Warm, Cold, Occluded. Symbols are an advancing edge.

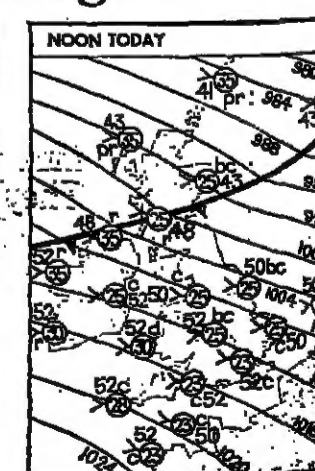
Today
Sun rises: 7.31 am. Sun sets: 4.59 pm.
Moon rises: 7.22 pm. Moon sets: 7.22 pm.

First Quarter: February 11.
Lighting up: 5.29 pm to 6.59 am.
High water: London Bridge, 2.40 am, 7.30 pm; 3.05 pm, 7.50 am.
Low water: 1.15 am, 12.50 pm, 1.35 pm, 11.49 am, 6.40 pm.
Hull, 7.16 am, 2.40 pm, 7.26 pm, 7.40 pm.
Liverpool, 12.15 pm, 9.70 am, 11.30 am.

Pressure is low to the N of Scotland and a frontal trough will move S.

Forecast for 5 am to midnight:
London, SE and Central S. England, East Anglia, Midlands: Rather drier, mostly dry, a few sunny intervals; wind W, fresh; max temp 11° to 12°C (52° to 54°F).
SE, Central N and NE England: Mostly dry at first, a few sunny intervals, occasional rain later; max temp 8° to 9°C (46° to 48°F).
Wales, SW Scotland, Glasgow, Central Highlands, Argyll, N Ireland: Outbreaks of rain, becoming clearer with scattered showers; wind W, strong; max temp 8° to 10°C (46° to 50°F).
Straths of Dover, NE and NW Scotland, Orkney, Shetland: Sunny intervals; showers, turning watery; wind W, strong to gale; max temp 5° to 7°C (41° to 45°F).

Outlook for tomorrow and Sunday: Mild and windy with rain in most areas; becoming brighter and less mild on Sunday. Sea passages: S North Sea: Wind W, strong, perhaps gale later; sea rough or very rough. Straits of Dover: Wind W, strong or strong; sea rough.



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Overseas selling prices
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How we turned a simple, efficient car into a simpler, more efficient van.

This is the long-awaited new Escort van, that's even better than its predecessor.

As you'd expect it owes much to the technology that went into the new Escort saloon.

But it is, in fact, a very different animal.

A purpose-built van.

Since its sole objective in life is to make money for its owner, the engineers made everything as simple and functional as possible, which not only enhances its reliability but also keeps running costs to a minimum.

Little big van - the vital statistics.

	Ford Escort 55	Leyland Marina 575	Vauxhall Chevette
Max. load volume (behind seats) (cu. ft.)†	94.0	88.0	††
Max. load floor length (ins.)	72.0	72.8	62.4
Max. load space height (ins.)	40.8	39.1	31.6
Max. load space width (ins.)	59.0	57.5	50.0
Payload incl. driver* - (lbs)	1620	1296	1102
- (kilos)	735	588	500

*Subject to production tolerances. †SAE method. ††Not published.

The Escort equals or beats its closest competitors in most of the vital areas in the chart, which makes it just a shade more efficient as a load carrier.



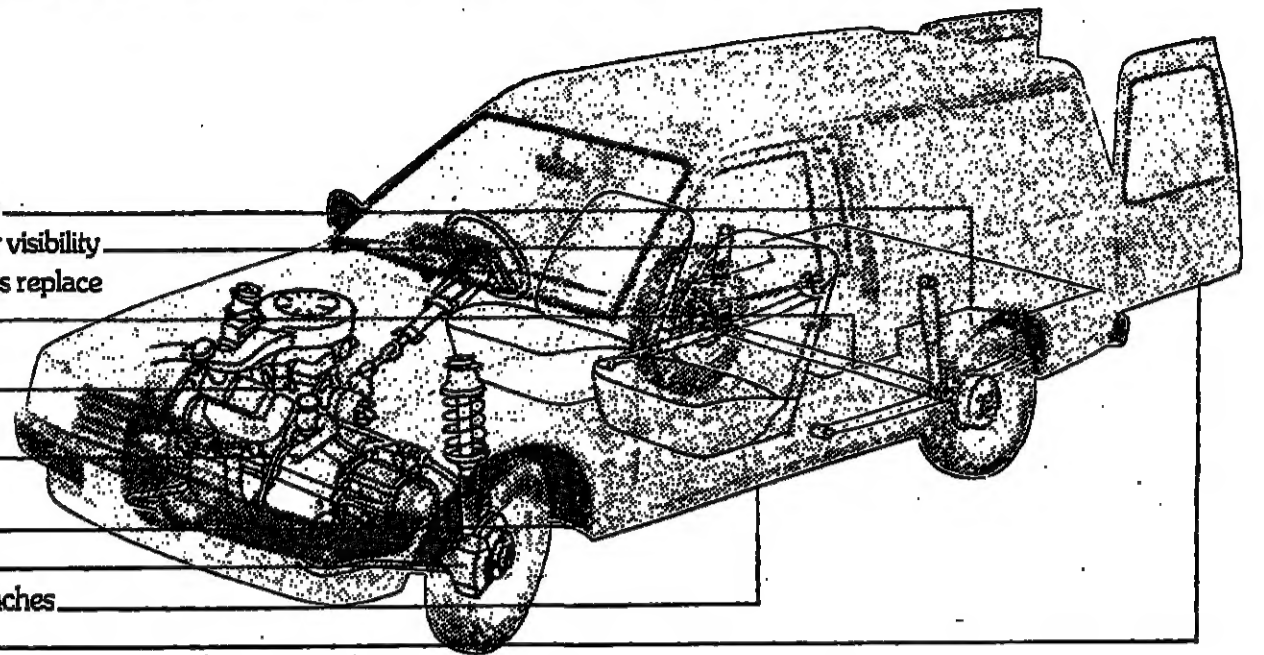
Not only that but its back doors are wider and higher than its rivals. And its floor is lower. So it's just a bit easier to load and unload. Incidentally, the doors have a slam lock, so the driver can't forget to lock them while he has his elevenses.

And, as you can see, the wheel arches intrude very little into the cargo area. They're both shallow and flat-topped.

Note also the tough steel floor.

Illustrated is the Escort L van.

1. Shallow flat-topped wheel arches
2. Extended side windows for better visibility
3. Simple beam axle and leaf springs replace independent rear suspension
4. Excellent accessibility to engine for easy maintenance
5. Choice of three high-efficiency engines
6. Latest technology applied to anti-corrosion treatment
7. More powerful brakes
8. Wheel base lengthened by four inches
9. Slam lock gives extra security



The Escort van is available in two payload versions - the 35 and the 55.

High efficiency engines.

Heavy duty transmission.

You have a choice of 1.1, 1.3 or 1.6 litre engines.

The 1.1 is derived from the proven and economical Fiesta unit with variable venturi carburettor.

And the 1.3 and 1.6 engines are the entirely new, fuel-efficient Escort units with features like breakerless ignition and hydraulic tappets to reduce maintenance costs.

They go 12000 miles between standard services with only an interim service at 6000 miles. The gearbox can be removed without taking out the engine and Ford parts are competitively priced.

The drive train and brakes are designed to cope with stop go conditions while heavily loaded. And the front wheel drive owes much to experience gained from the Fiesta, so reliability is built-in.

Simplicity pays.

At the back, the independent rear suspension of the car has been replaced by a beam axle and leaf springs.

Although less advanced, this system is better for a van because it gives superior handling with half a ton in the back. And intrudes less into the load space. It's also very simple to maintain.

Incidentally, the wheel base is four inches longer than the car's, which improves weight distribution and increases the load capacity.

A nice place to work.

The cab features the same dash and heating system as the car.

But the seats are upholstered in tough vinyl which is extremely durable.

The additional side windows give much improved visibility for parking.

If you want extra comfort you can order an 'L' version of the van with cloth seats, carpet, centre face level vents, cigar lighter, door bins and intermittent wipe.

You can see the new Escort vans at your Ford dealer now. He'll be pleased to give you more information, plus details of Fleet Leasing and Contract Hire facilities.

The new Ford Escort van.



Ford gives you more.



HOME NEWS

Way found for hospital patients to question a clinical judgment

By Nicholas Timmins

The British Medical Association yesterday gave overwhelming approval to a new procedure to allow patients to bring complaints about a hospital doctor's clinical judgment.

The procedure has been described by the Association of Community Health Councils as "a kind of Star Chamber arrangement".

A London teaching hospital consultant has called it "a charter to protect the doctor", while the executive of the Hospital Consultants and Specialists Association, which represents 4,000 of the 13,000 consultants, has suggested that a layman be involved and gave warning that unless the procedure is seen to be fair by both doctors and patients there will be trouble.

The BMA's hospital doctors committee approved the procedure by 45 votes to 2. The votes against came from a regional committee that felt the procedure was unnecessary. It will now go to the Department of Health, where it is expected to be incorporated in a circular being prepared about patients' complaints generally.

Mr David Bolt, chairman of the Central Committee for Hospital Medical Services, said yesterday that the procedure was as far as the profession was prepared to go at present. It would meet the most virulent complaint from patients, that no one will tell them anything when they try to complain. Patients are guaranteed access to the consultant in charge of their case.

The procedure is intended to deal with complaints where there is no suggestion that a doctor has been negligent but where the patient is dissatisfied

with the outcome of treatment. Cases in which a patient sought damages would still be handled through the medical defence societies, and if necessary, the courts.

Under the procedure, the patient would first complain to the consultant in charge of his case. If he was not satisfied with the explanation, his complaint would be put in writing and the regional medical officer would be informed. If his advice did not lead to satisfaction, the RMO, where he thinks it appropriate, would refer the case to two independent consultants.

They would discuss the case with the consultant and the patient, attempt to satisfy the patient if they felt clinical judgment had been exercised responsibly, and make a confidential report to the RMO.

If they felt there had been difficulties they would discuss them with the hospital staff and explain it to patient, as far as appropriate, how it was hoped to prevent recurrences. The patient would not be given a detailed report, but the local district administrator would write to him setting out any action taken, taking the RMO's advice into account. The RMO's report would be made available to the patient on request.

Mr Bolt said yesterday that he took the point that dissatisfied patients might still feel there had been a cover-up. The profession could not agree, however, to having a layman sit in judgment on them on entirely technical matters.

If the procedure became public, doctors would be forced into practicing defensive medicine to ensure that they could not be found at fault. The cost would be enormous and would "bring the health service down around our ears".

Safeguards on data banks under study

By a Staff Reporter

The storing of information in computers in Britain and the protection of the public are being examined by the Government as a matter of urgency, Mr Kenneth Baker, Minister for Information Technology, said yesterday.

During the committee stage of the British Telecommunications Bill he said there was great anxiety among operators of data banks in Britain that countries with protection laws might prevent information coming to places like Britain that did not have such laws.

There was a very strong commercial reason for dealing with the matter and the Government was considering it and the whole question of public protection as a matter of urgency.

Mr Baker's comments, the first statement of government intention on data protection for many months, were made in response to an appeal by Mr Ian Mikardo, Labour MP for Tower Hamlets, Bethnal Green and Bow, for protection for individuals against computer data banks.

Mr Mikardo told the Commons that such banks were of concern and a source of danger, and Britain should bring in laws of protection in line with other EEC countries.

He called for safeguards to ensure that the public would know about data banks being used; the information was obtained lawfully; was accurate and under a time limit; the banks be limited in purpose and access to the data limited to authorized people; individuals would have a right of access and not be identified in general statistics.

Computer companies, the medical profession and civil liberties have been urging the Government to take action. Yesterday Miss Patricia Hewitt, general secretary of the National Council for Civil Liberties, said: "It is not good enough for the Government to say it is considering this as a matter of urgency. The time is long overdue for legislation and there is no lack of proposals. All that is lacking is the political will."

Bill aims at easy access for disabled people

By Our Political Staff

A Bill to improve the access of disabled people to public buildings, introduced in the Commons by Mr Dafydd Wigley, Plaid Cymru MP for Caernarfon, was published yesterday. It has all-party support and comes up for second reading on February 13, being third in the list of private members' Bills to be considered that day.

It would ensure that developers of buildings to which the public have access, when they are notified of a consent, would have their attention drawn to the requirements of the British Standards code of practice for access for disabled people to public buildings defined in the Chronically Sick and Disabled Persons Act, 1970.

The Bill would also make new provisions for the needs of disabled people, particularly the blind, to be taken into account when local authorities undertake work on pavements and highways.

A Commons motion asking the Government to support the Bill has been signed by more than 50 MPs.

Mr John Grant, MP for Islington, Central, and Opposition spokesman on employment, told members of the Woolwich Labour Party last night that the disabled were always disproportionately affected when unemployment was high.

He said that on January 13 Mrs Margaret Thatcher was in the Commons that "we do not



Lord Geoffrey Lloyd (with dog), chairman of the trustees of Leeds Castle, near Maidstone, Kent, escorting representatives of disability societies who were advising yesterday on making castle tours easier for the disabled.

intend to cut services for the disabled". Those were her exact words, he said, and she went on to call for more voluntary effort from disabled people to help themselves.

That was her customary style of passing the buck, Mr Grant said. "What she said about cuts was a quite disgraceful and would only have been calculated to mislead

"It is utterly unbelievable that she was unaware of what was going on. Indeed, disabled people's organizations have protested openly to her."

Let her talk to any local authority social services department and hear of the struggle they are having to try to safeguard services for the disabled, often unsuccessfully.

Idle hands turn to broken bricks in jobless mill towns
Racialism blamed on the recession

From John Chatter

Oldham

Oldham, with 20,000 members of ethnic minorities among its population of 224,000, an unemployment rate of 11 per cent, large tracts of derelict land, substandard housing and disused factories and mills, gave a cautious welcome to the news that Mr William Whitelaw, the Home Secretary, had agreed to a study of racialist tensions in Britain.

Mr Keith Bradford, community relations officer for the Oldham Council for Racial Equality, an independent body, welcomed particularly the news that special police units would be considered to monitor racialist attacks.

"I think the idea of special police units is excellent," he said. "We have poor, black and white, and drink-driving squads, so why should we not have racialist violence squads?"

Mr Bradford said he hoped that the inquiry would be a meeting on Wednesday between Mr Whitelaw and a delegation from the Joint Committee against Racialism would produce results.

There were 20 cases of violent attacks and vandalism directed specifically against the immigrant community in Oldham last year, compared with

six in each of the three previous years. The 20 cases included stoning of young people in the streets, burning of garden gates, daubing of slogans on walls, throwing petrol bombs and attacks on Bengali temples and the offices of the local Bangladeshi Association.

Two cases have been reported so far this year, both assaults on people of Pakistani origin.

Mr Bradford said he thought that some of the incidents could be attributed to orchestrated action by political groups, but many arose because a large number of young people in the town were without work or any source of constructive activity. They threw stones at people with coloured skins and daubed swastikas and such letters as "MF" on walls, without necessarily belonging to a political movement.

Insufficient credit was given to the police for their work in combating such crimes, Mr Bradford said. Many culprits had been arrested and brought before the courts.

Some of the lack of confidence in the police of the ethnic minority community was caused by a communications difficulty which his organization was trying to resolve, he said.

The report by the Joint Committee against Racialism, which singled out Oldham for special attention, said that similar,

possibly worse, incidents had occurred in parts of the city of Manchester and such towns as Preston, Blackburn and Dewsbury, all suffering acutely from the recession.

In Oldham and its surrounding mill towns unemployment has affected the immigrants as hard as the rest of the population.

A high proportion of immigrant workers in the old cotton towns have for many years been predominantly employed on night shifts, which were among the first jobs to disappear in the now almost non-existent Lancashire textile industry.

Towns such as Oldham have also suffered from acute industrial and housing dereliction. The local council estimated that it needed £3m to demolish or repair 440 derelict council houses.

Looking out of his office window yesterday, Mr Bradford said: "I can see piles of brick and rubble from here. Where there are broken bricks lying around you can be pretty sure that there will soon be people ready to pick them up and throw them at somebody."

Study appeal: Mr Raymond Whitney, Conservative MP for Wycombe, has asked Mr Whitelaw to include in the study those individuals and organizations "who seek to generate discontent and fear within the ethnic minority groups for their own political purposes".

IBA agrees changes in the ATV franchise

By Kenneth Gosling

New arrangements under which ATV will continue to hold the Midlands television franchise were accepted by the Independent Broadcasting Authority (IBA) yesterday.

The company was given until the end of January to meet six conditions imposed by the authority. They include the restructuring of ATV into two area boards to cover the new contract area of east and west Midlands and offering 49 per cent of the company's shares to outsiders, especially Midlands investors. They will have two representatives on the main board.

The company's detailed proposals include the nomination of Lord Windlesham as managing director of the restructured company, and a separate chairman of the main board, unconnected with ATV or its parent company, Associated Communications Corporation.

The west and east Midlands boards will also have chairmen having no connection with either ATV or the corporation.

When the 49 per cent share offer is made, consideration will

be given to supporters of the unsuccessful consortia who bid for the franchise, Midlands and Merca.

Eight new regional directors will have no previous connection with ATV and in time the main board will consider finding a new name for the company. It will also consider creating an educational and arts trust. A new television centre will be built in the East Midlands and seven senior programme staff appointed.

Further discussion about the full implementation of the proposals is to take place, the IBA said last night.

"Panorama" director-general of the BBC, Sir Ian Trethowan, has agreed to meet next Tuesday the secretaries of two unions with members in broadcasting to discuss the issues raised by the proposed restructuring of the programme on the security services.

Mr Anthony Hearn, of the Association of Broadcasting and Allied Staffs, and Mr Kenneth Ashton, of the National Union of Journalists, will express their members' disquiet over claims that cuts were made on Sir Ian's orders.

River jobs plan condemned

Britain's farmworkers reacted angrily yesterday to a proposal that members laid off or made redundant should be used by water boards to maintain river and drainage systems. The plan, put forward by the Country Landowners' Association, is being criticised by water authorities.

Capitulated Harry Black, chairman of the Internal Drainage Board in Norfolk, said boards were partly dependent on

farmers to maintain rivers flowing through their land.

The plan has been condemned by the National Union of Agricultural and Allied Workers, which represents not only many of Britain's 250,000 farmworkers but also many of the men in the water and drainage industry.

A spokesman said: "The idea that farmworkers have nothing to do in the winter is absolute fiction."

New dispute over status of Cambridge lecturer

By Paul Flather
of The Times Higher Education Supplement

A decision not to upgrade an assistant lecturer in social psychology has led to a second dispute at Cambridge University and exposed the unofficial status of social and political science teaching at the university.

The university has rejected an application and two appeals from Dr David Ingleby, an assistant lecturer and fellow of Darwin College, for upgrading to a permanent post. The university's English faculty is in disarray after Dr Colin McCabe, an assistant lecturer in English, was not upgraded. Dr Ingleby has claimed there were serious breaches of academic justice in the procedures used to review his case. He said the appointments committee had not included academics in social psychology and one of his internal assessors was a main known to be hostile to his work.

The case has drawn attention to the status of the Social and Political Science Committee, set up in 1969 as an interim step towards a new social and political science faculty. All progress since then has been blocked and the 12 social and political science dons wonder how seriously the university takes their work.

Without faculty status the committee has weak representation within the university hierarchy. The weak position of social and political science lecturers has undermined the appeals of Dr Ingleby, who has received the support of all his colleagues, about 90 students and a wide range of academics, including Professor Charles Taylor, of All Souls College, Oxford.

GLC complains to auditor over Lambeth

By Our Local Government Correspondent

The Greater London Council is to complain to the district auditor about the alleged mispending of Lambeth ratepayers' money on "misleading political documents".

Mr Richard Brew, deputy leader of the council, which is Lambeth's largest ratepayer, said yesterday that he had instructed officials to make the complaint.

Mr Brew, leader of the GLC policy and resources committee, said the documents failed to give an accurate picture of why Lambeth was asking its ratepayers to pay such exorbitant sums of money.

Lambeth council explained that the immediate reason for the supplementary 20p rate was that "through no fault of its own" it faced £11.2m overspending in the present financial year.

Mr Brew said that the GLC, like all Lambeth ratepayers, was entitled to receive basic financial information in a form that was "not blatantly party political or misleading".

The GLC's bill for Lambeth's supplementary rate is £975,362, and its total rates bill for the year will be £7,992,272.

Mr Brew pointed out that that figure compared with about £4,500,000 that would have been the bill if the GLC's properties happened to be situated over the boundary in Conservative-controlled Wandsworth instead of "the Marxist people's republic of Lambeth".



WE'VE KNOCKED DOWN OUR CITIES

CITY/TOUR	AIRPORT/COACH STATION	NO. OF NIGHTS	DATES	FINAL PRICE	SAVING
DEPARTURES BY AIR					
Rome	Gatwick	3	20 Feb	£95	£20
Venice	Luton	4	2,9 Mar	£105	£20
Cities of Italy	Manchester	7	14,28 Mar	£179	£30
Nice	Luton	3	13 Feb	£69	£40
Jerusalem	Luton	7	2 Mar	£220	£40
Jordan	Heathrow	7	26 Feb, 5 Mar	£214	£40
Leningrad/Moscow	Gatwick	7	28 Feb, 7 Mar	£151	£25
Caucasian Tour	Gatwick	7	14,21,28 Mar	£186	£25
Grand Tunisian Tour	Newcastle	7	26 Feb	£185	£35
DEPARTURES BY COACH					
Five European Capitals	Manchester	8	28 Mar	£176	£30
European Highlights	Victoria	11	14,21,28 Mar	£198	£30

This is just a sample of the cities we're knocking down this winter.

There are many more, so see your travel agent before they're flattened altogether.

Holidays are at selected hotels in the cities mentioned. Meal arrangements are for bed and breakfast on city holidays, but most tours include half or full board. Details are in the Winter Sun and Cities Brochure. Prices quoted are guaranteed (except for airport charges, surcharges and insurance have been included. Holidays subject to availability. ATOL 153BC.

Thomson
Winter Cities

Somalia
Disaster Victims

face death from starvation

The terrible drought continues. So does the influx of refugees from the Ogaden conflict. Famine sufferers are in dire plight. Hunger threatens to kill many more helpless old people unless extra supplies come soon.

Help the Aged nurses continue to work among the worst affected sufferers, but they and volunteer workers are severely short of essential supplies.

In the name of humanity can each of us do less than send a lifeline of help for at least one of the victims—quickly.

Please send generously to: Hon Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room T3S, FREEPOST 30, London W1E 7JZ. (No stamp needed.)

ADVERTISEMENT

Training scheme for young blacks

By Peter Evans

Home Affairs Correspondent

Bristol is among six places listed in proposals put to the Manpower Services Commission and the Commission for Racial Equality this week for expansion of a pioneer training scheme for young blacks and Asians.

Under the scheme they are taught how to use keyboards for typing, word, video, and data preparation. The company running the scheme is part of Key Holdings Ltd, a group operating in 17 countries.

Miss Denise Abbott, youth employment officer at the Commission for Racial Equality, said she was concerned at indications that the Government was planning no provision to take

account of the disadvantage experienced by young blacks when looking for work.

But it was encouraging that the kind of measures recommended by the Commission were being implemented independently using existing provisions.

Mr Christopher Mayhew, the former Labour minister, who is advising Key Holdings on its scheme, said: "This is for 16, 17 and 18-year-olds. It is giving priority to the ethnic minority. It is not exclusive; white trainees can join."

"We are planning to bring these centres where there is the greatest amount of unemployment among black youngsters. We know that, as between two youngsters of equal keenness,

equal skill and equal attractiveness, the black youngster will not get the job as easily as the white youngster."

Describing a pilot scheme at Acton, west London, as a success, Mr Mayhew said that Key Holdings was proposing six similar centres at Bristol, Smethwick, Leicester, Bradford, somewhere in the North-west, probably Manchester, and in the Levensham-Catford area of London.

The advantage of the scheme for the unemployed is that aptitude for the job is what matters, not paper qualifications, and the demand for skills taught will increase with the growth in high technology, office techniques and communication.

£35,000 bid fails to buy gold throne and stool

By Geraldine Norman

Sale Room Correspondent

A golden throne and footstool made in the second quarter of the nineteenth century failed to find a buyer at Sotheby's Bazaar yesterday and was bought in at £36,000. That implies that there was a genuine bidder prepared to spend £35,000 on seizing himself in such regal luxury; the bidding started at £10,000.

Some mystery attaches to the pieces. Scrutinized they clearly come from an Indian palace, but there were any number of maharajahs who might have wanted a somewhat Europeanized chair covered with gold, with lion finials, to boost their egos. Sotheby's say they have attempted to research its origin but failed.

The piece was consigned to them by a dealer acting as the agent of the present owner, who, they have been assured, bought the throne in Britain.

There have been several disputes over art works smuggled out of India in recent years, but Sotheby's say they have had no inquiries from the Indian Government on this piece. Although the throne and footstool are gloriously flashy items, it is the gold sheathing with which they are covered that really counts.

The gold covering the two pieces is reputed to weigh more than 7,000 grams, hence the estimate of £50,000-£80,000

put on the piece by Sotheby's. The sale of oriental works of art also contained a late nineteenth-century massive Indian silver salver (8,507 grams) for £5,000 (estimate £5,000-£7,000) and a massive urn and cover of similar date (7,238 grams), which was unsold at £2,100 (estimate £3,000-£4,000).

The sale in general proved unpredictable; there was little demand for furniture, but strong competition for female rock and Canton ceramics. The sale totalled £91,285, with 46 per cent unsold, mainly accounted for by the throne.

A sale of important English, continental and American silver held by Christie's in New York on Wednesday underlined the fact that for rarities the slipper in bullion prices is of little importance. The sale totalled £171,950, with only 3 per cent unsold; English buyers secured a large proportion of the most important pieces.

The top price was \$60,000 (estimate \$30,000 to \$40,000) for a fine silver ewer made in London in 1674 and engraved with the contemporary arms of Charles Salusbury of Bachyngham, co. Denbigh, and his wife, Elizabeth. The London dealer, Koopman, carried off a silver wine cup made in 1634, at \$56,000 or £23,333, despite its historical importance to Americans.

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HOME NEWS

Government to abolish 30 powers of entry and inspection

By Frances Gibb
The Government is to abolish 30 powers of entry and inspection and land by government officials and to modify 63 other powers after a review ordered by the Prime Minister.

The proposals, put forward by Mr. John MacGregor, Under-Secretary of State at the Department of Industry.

Most of them will be carried out in the course of departmental legislation, he said, adding: "I am satisfied that the remaining powers are necessary; are sufficiently circumscribed and contain adequate safeguards to ensure that they do not cause an unwarranted intrusion into business premises."

The review was set up in December, 1979, after mounting concern at the growing number of powers of entry possessed by government officials to ensure compliance with legislation.

That concern culminated in a report, *An Inspector at the Door*, in October, 1979, by the official Federation of Self-Employed and Small Businesses, which identified more than 200 kinds of inspector with as many as 230 powers of entry into businesses and homes.

It said that an Englishman's home was no longer his castle because his property and privacy were at the mercy of an estimated 100,000 "faceless men" with legal powers of intrusion.

Mr. MacGregor added that the Government would examine the possibility of introducing more uniformity into the safeguards, possibly in the form of a code of practice, in the light of the findings of the committee.

too now investigating the search and entry powers of Inland Revenue officials under Lord Keith of Kinkel.

Arrangements are also being made, he said, to scrutinize all future legislation containing powers of entry to ensure they do not impose an undue burden on businesses.

Yesterday Mr. David Dexter, chairman of the self-employed federation, said: "We are delighted to see the announcement that the door has been closed on 30 different types of government snoopers."

The federation would continue to examine the powers remaining on the statute book and where necessary put forward arguments for their abolition. "The growth in the powers of inspectors has constituted a very real encroachment on the freedom of the individual and it has acted as a real deterrent to small business."

But the federation expressed concern at the likely delay before the Government considered a code of practice. Mr. John Blundell, a federation official, said the Keith committee was not due to report until 1983. "That will probably be too late for the 1983 Finance Bill, so we cannot expect any change until 1984."

The powers of entry to be abolished span a wide range of departments, including those of employment, energy, and environment, and the Scottish Office and the Ministry of Agriculture, Fisheries and Food.

They include the power of transport officials to enter land to extinguish fires caused by locomotives under the Railway Fires Act, 1905.

Prosecution witness sent to prison

From Our Correspondent Cambridge

A hunt saboteur who went to Cambridge Crown Court as the chief prosecution witness ended in jail.

Mr. Trevor Scott, aged 22, was called to give evidence against two members of a hare coursing club accused of assaulting anti-hunt demonstrators.

Mr. Scott, of East Gate, Louth, Lincolnshire, an executive member of the Hunt Saboteurs Association, was called before Judge Wild at the end of the case on Wednesday and asked if he would agree to be bound over to keep the peace for two years. He refused and the judge sent him to jail for seven days.

The case arose from a series of incidents at a coursing meeting in Swaffham Bulbeck, Cambridgeshire, in October, when hunt saboteurs chased away hares before they could be coursed. Coursers chased the hunt saboteurs and there were scuffles and fights.

Kenneth Alsop, aged 52, of Haddenham, Cambridgeshire,

and Thomas Day, aged 48, of Watford, Hertfordshire, were accused of assaulting saboteurs, but Judge Wild discharged the jury from entering a verdict in their cases and instead entered formal not guilty verdicts on two charges of assault against Mr. Day.

He accepted Mr. Alsop's plea of guilty to common assault on Mr. Scott, instead of a charge of causing actual bodily harm. Mr. Alsop agreed to be bound over for a year in the sum of £50.

Mr. Scott and Mark Dyer, a fellow saboteur and Oxford University undergraduate, were called before the judge and told that they had broken the spirit of the law by their conduct. They were asked if they agreed to be bound over.

Mr. Dyer agreed, saying: "I would like to protest but it would ruin my academic career if I went to prison." Mr. Scott refused, saying: "It is only right, British citizens, that I should be arrested, charged and brought before a court before I am bound over."

Cyclists advised not to use narrow saddles

By Our Medical Correspondent

Cyclists may become sexually impotent from pressure on nerves by the bicycle saddle, an American doctor says in the *New England Journal of Medicine*, the leading United States weekly journal for doctors.

Dr. John D. Goodson, of the Massachusetts General Hospital in Boston, describes a man who lost sensation in his penis after a 180-mile bicycle ride and became impotent.

The cause was found to be damage to the pudendal nerves from his narrow, hard leather bicycle seat. He was advised to use a wider seat and his symptoms resolved within a month. Impression of the pudendal nerve is a hazard of cycling that may affect the sexual response in both men and women, Dr. Goodson says. Either the seat should be padded or it should be sloped downwards to relieve the risk of damaging pressure.

Schools Council head agrees to extend term

By Our Education Correspondent

Mr. John Tomlinson, chairman of the Schools Council, has agreed to the Government's invitation to stay on as chairman until November pending the outcome of the Government's review of the council and its functions. Mr. Tomlinson's three-year term of office was due to end next month.

The Government is expected to announce Mr. Tomlinson's decision at the same time as it announces details of the review and the name of the independent chairman who is to conduct it.

Mr. Tomlinson has made clear, however, that he cannot stay on beyond November even if the review is not finished: he has other pressing commitments such as the presidency of the Society of Education Officers, which he takes over next January, as well as his duties as chief education officer for Cheshire.

More Scottish divorces

Divorces granted by the Court of Sessions in Scotland in 1979 numbered 8,800, compared with 8,500 in the previous year. The figure was more than double the 1969 total.

Waste paper dumped at Department of Industry in protest at lack of recycling

By Pearce Wright Science Editor

Three tons of waste paper was dumped on the Department of Industry's doorstep yesterday when members of conservation and environment protection groups presented a six-point plan aimed at revitalizing the waste paper industry to Sir Keith Joseph, Secretary of State for Industry.

In addition to calling for a national resource policy for waste paper use, conservationists asked for an end to duty free imports of paper; grants to reduce energy costs to the industry by conservation measures; increased use of recycled products by local authorities; and government departments and a scheme to label paper according to its fibre content.

After the demonstration, the waste was returned to the Full Circle Recycling Co-op, in

Chelsea, which is one of three organizations associated with Friends of the Earth in the London area which are collecting material for recycling.

Some of it will be sold to a merchant for pulping. But the rest may have to be thrown away as unsaleable, although it is suitable for conversion into a variety of products.

And it is that growing volume of usable but unsaleable waste throughout the country that is at the centre of the protest.

Mrs. Joyce Taylor, an architect, expressed the frustration felt not just by voluntary groups but also by merchants and industrial processors, over the "waste paper crisis". About 7.5 million tons of paper products are used a year in Britain, and more than five million tons of that should come from recycling, saving £1,000m on imports, she argued.

In practice, less than half that amount has been recycled in the past, and the quantity to be recycled this year is likely

Embassy siege PC tells of ploy used to keep gun hidden

By Stewart Tendler Crime Reporter

After four days of the Iranian Embassy siege Police Constable Trevor Lock felt he could no longer refuse offers by his Arab captors to wash himself without arousing suspicion. In an effort to keep his pistol hidden he had kept on his coat, tunic jacket and two pull-overs.

At the wash basin he waited until the gunman with him had gone, peeled off his coat and jacket and hurriedly began to wash. His holster began to telltale bulge under the pull-overs.

Then the gunman returned, he told a press conference at Scotland Yard yesterday. PC Lock showed how he bent over the basin trying to conceal the bulge, but the gunman stepped forward.

To his great relief the terrorist offered him a tube of toothpaste. He thanked the man and took the tube.

Yesterday PC Lock, who was praised by a judge at the Central Criminal Court after the trial of the survivor of the six terrorists in the siege, described for the first time some of the incidents during the siege, and his feelings.

He said of the rescue by the Special Air Service Regiment: "I am grateful for what the SAS did. If it was not for them I would not be here, and I know that for a fact."

PC Lock, who has six child-

ren, said he felt that his wife had suffered more than he because she did not know what was happening in the embassy.

A thickset man with an east London accent, PC Lock had been based in Barking for his entire police career until January, 1980, when he joined the diplomatic protection group.

When the terrorists struck on April 30 last he had arranged to take advantage of his new work in central London to give his wife an evening out. They planned to visit Harrods and PC Lock intended to surprise her later with a meal and seats at a West End musical.

As it was, PC Lock said yesterday, they have not yet been to Harrods, and by the time the six-day siege had ended the show had closed.

He began duty early that morning at the Iranian Embassy and had gone inside for coffee. He said: "I believe that coffee saved my life. During the siege I asked Faisal (the second in command) if his approach to the embassy would have been any different if I had been standing outside. He said, 'Don't ask me, as you are now my friend.' If I had been standing outside I would not be here today."

PC Lock said he was going outside when the terrorists arrived. As they took over the embassy he told them, "Take it easy, don't hurt anyone", and repeated the advice throughout the siege.

He was searched but the terrorist was shaking with nervousness or excitement and did not find the gun. Later only four of the hostages knew he was carrying it and although it



PC Trevor Lock with his wife at Scotland Yard yesterday.

Photograph by Bill Warhurst

"that if I was all right, they were all right... it developed a link with the terrorists because they thought I was doing it for the good of the hostages. They accepted this as being my discipline."

Asked if they thought him eccentric because of his not washing, he replied: "Not eccentric, more likely that I was a dirty British policeman."

At the end of the siege he drew his gun against the terrorist leader but did not fire. "I do not think I could have had it on my conscience, I do not believe in armed policemen generally, but there are duties where they have to be."

Overall, he said, "I handled the situation as I saw fit. I was unaware of being brave, I have no illusions. I am 40 years of age and have 15 years' experience. Anyone with those qualifications would have handled it the same."

PC Lock and his wife have found great differences in their lives. He said: "Before the siege I used to be able to stop being a policeman and come back to a private world. We no longer have that privacy."

Everywhere we go I am 'Trevor the policeman'. In the supermarket you see people nudging each other. On Underground trains I get offered newspapers to autograph."

PC Lock is still with the protection group, but is involved in administration and training.

Sutcliffe case criticism 'unfair'

By Our Crime Reporter

Lord Hailsham of St. Marylebone, the Lord Chancellor, went "far beyond the bounds of fairness" in attacking the police for their part in the publicity surrounding the arrest of Mr. Peter Sutcliffe in Yorkshire, the latest edition of *Police* magazine says.

The magazine is published by the Police Federation, which represents lower ranks in England and Wales. It says Lord Hailsham told the Lords during a debate on reform of the law on contempt: "If editors are provoked by policemen to break the law, I know whom to blame."

But, the magazine says, the West Yorkshire police could not avoid a press conference after an investigation lasting five years and arousing considerable interest. The alternative "would have been equally, perhaps worse, damaging speculation and rumour."

The blame for the coverage by newspapers lay not at the press conference but in Fleet Street's editorial chairs. Almost the entire British press had taken leave of its senses, and the next day "respect for the presumption of innocence was notable by its absence."

The magazine says that in attacking the police Lord Hailsham, Sir Michael Havers, QC, the Attorney General, and Sir

Ian Percival, QC, the Solicitor General, had indulged in overkill.

In fact, the police have taken to heart the rebukes from the law officers after the arrest. Details of the arrest last month of Mr. Charles Richardson, the former London gang leader who escaped from prison, were not released by Scotland Yard in case there might be a breach of the contempt law.

It has also been suggested that PC Trevor Lock, one of the hostages during the Iranian Embassy siege, was not allowed to talk to the press until the trial of the surviving terrorist and the inquest into his death colleagues was completed this week.

Journalists seek support for information Bill

By a Staff Reporter

A last-minute effort to muster support for the private members' Freedom of Information Bill to be debated by the Commons today was made yesterday by the National Union of Journalists.

Mr. Francis Beckett, president of the union, wrote to the 21 MPs on both sides of the House who are members of the NUJ, urging them to support the Bill, which the Government hopes to kill by mobilizing its "payroll vote" of ministers and their parliamentary private secretaries.

MP fears big reductions in British Rail services

By Our Parliamentary Staff

The fear that British Rail may be faced with a plan for large reductions in its main services was raised by a Labour MP in the Commons standing committee on the Transport Bill yesterday.

The Bill paves the way for the sale of British Rail subsidiaries, such as Sealink and the railway hotels, to the private sector. Labour MPs pressed the Government to accept an amendment ensuring that the railways board retained a majority shareholding.

in readiness for a fundamental curbing back of British Rail's main services after the sale of profitable subsidiary businesses.

The amendment was still under discussion when the committee adjourned. "Slippery slope": Increased fares and reduced services could lead to British Rail going down the same slippery slope as the Post Office, Mr. James Towler, chairman of the Yorkshire Area Transport Users' Consultative Committee, says in his report published yesterday (Ronald Kershaw writes).

"People would probably desert British Rail in their thousands."

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WEST EUROPE



Turin police with Signor Maurice Bignami, who was arrested after a gun battle.

Suspected terrorist leader held

From John Earle
Rome, Feb 5
Signor Maurice Bignami, an alleged head of the Prima Linea (Front Line) terrorist organization, was being held today in Turin, while in Milan, in a sudden upsurge of violence, a factory foreman was temporarily seized by the Red Brigades and a 49-year-old woman was kidnapped.

Signor Bignami, aged 30, was captured in a gun battle with police after a tip off that a gang were robbing a jeweller's shop on the outskirts of Turin. Armed with a gun and wearing a bulletproof waistcoat, he was wounded in the leg and unable to escape with his companions.

Of French origin, Signor

Bignami was temporarily arrested in 1977, but afterwards, went into hiding. He was wanted by the police in connection with four killings, including those of a Milan judge and a Fiat executive.

The factory foreman, Signor Salvatore Compare, was seized near a bus stop by two youths when on his way to work in the early morning shift at the Breda steelworks. They drove off with him to the gates of the works, quickly chained him to the railings and photographed him with a billboard round his neck reading: "Servant of the bosses - Red Brigades Walter Alasia column", then made off.

At lunchtime, Signora Giorgia Susini, aged 49, wife of a

building contractor, was forced into a car by three men as she left home to pick up her children from school. The car drove off in the direction of the motorway.

In Parliament the Government has called for a vote of confidence at the end of a debate on prolonging a temporary measure allowing the police to hold suspected terrorists incommunicado for 48 hours and in special cases, with permission of a magistrate, up to six days. The debate is being held up by filibustering by opposition radical deputies.

The Government decided on a confidence vote, not because its survival is in doubt, but in an attempt to cut short the debate.

Strike halts Belgian bus services

From Michael Hornsby
Brussels, Feb 5

The social unrest in Belgium, already beset by widespread stoppages in the iron-making steel and textile industries, was intensified today as 40,000 urban and local transport employees went on a 24-hour strike throughout the country.

In the capital, no trams or buses were running, although the Metro, surprisingly, continued to operate, despite disruption by some strikers lying on the rails. The national railway systems ran normally.

The strike was in support of union opposition to government plans to restrict all wage increases by law over the next two years to the level of inflation, thus freezing real incomes.

The pay restraint measures will go into effect on February 15 unless there is a voluntary wage restraint agreement before then.

So far the employers have rejected the terms demanded by the unions, who are asking that all wage rises already negotiated under collective bargaining agreements—these cover about 75 per cent of the workforce—should be honoured this year and followed by a freeze in 1982.

King praised for visit to the Basque country

From Our Correspondent
Madrid, Feb 5

King Juan Carlos returned to Madrid today from a hectic and risky visit to the troubled Basque country which most Spanish commentators considered politically positive.

From beginning to end the King faced insults and apathy as well as some enthusiastic cheers and the tour was hardly a triumph in terms of popular support.

On the other hand, the King's courage in undertaking the journey must impress the Basque people.

The independent Madrid newspaper, *El Pais*, praised the King and Queen today for their calm and serenity.

Leading article, page 15

Role of Europe in East-West relations emphasized Franco-German summit opens in Paris amid denials that relations are cooler

From Charles Hargrove
Paris, Feb 5

The thirty-seventh Franco-German summit meeting opened in Paris today amid a spate of rumours of a distinct cooling of relations between Paris and Bonn.

Even if this were true, which is flatly denied in both capitals, it would not be the first time in the past 18 years, since the signature of the Franco-German treaty of 1963, that France and Germany had taken a different view of world problems. And it would not be the first time either that their differences involved the United States.

Soon after it came into being, the special relationship ran into heavy water over the preamble voted to the treaty by the Bundestag, which insisted that it did not in any way affect Germany's commitment to Nato.

That prompted General de Gaulle's famous reference at the following Franco-German summit that "trearies, like roses, only last a certain time".

That was in the days of Dr Adenauer, whose relations with General de Gaulle were at least as close as those between President Giscard d'Estaing of France and Herr Helmut Schmidt, the West German Chancellor.

Even afterwards, under Professor Erhard, when he was West German Chancellor, and for whom the general had little time, and tension over Britain's entry into the EEC ran high, the close links between Paris and Bonn endured, barring the

inevitable climatic factors, because they were at least as necessary to Germany as they were to France.

Successful British governments which nursed the illusion that the West German government would be ready to sacrifice its ties with Paris to the cause of Britain's entry were wrong.

The need for the Franco-German special relationship is at least as great if not greater now than in the late 1950s. And the purpose of these Franco-German summits is precisely, as the Elysée spokesman aptly pointed out, to enable the two sides to reach a common analysis of significant issues.

These are the East-West relations, in the context of the change of administration in the United States, and the explosive situation in Poland; the Afghan crisis, in the light of the French proposal for an international conference on intervention; the contribution of Europe to the search for a settlement in the Middle East; and more generally, the need for it to make its weight felt more effectively in world affairs; and on the economic side, the difficulties arising from the weakness of the mark and the threat of Japanese competition.

Rumours of a cooling in Franco-German relations all hinge on the sharp stiffening of the American attitude towards Russia, and the different reactions it produced in Paris and Bonn.

Spanish clash on divorce

From Our Correspondent
Madrid, Feb 5

The Spanish Roman Catholic hierarchy collided head on with a number of leading members of the Spanish Parliament here today, after the Permanent Committee of the Spanish

Episcopate distributed a document condemning a proposed law which would make divorce possible in this country for the first time in more than four decades.

The bishops denied that divorce can be considered a

human right and they insisted on the indissolubility of marriage. Their document said: "If the law to which we refer is passed in its present form, the future of the family will be seriously prejudiced in Spain and the commonwealth of our society gravely damaged."

They particularly objected to divorce by mutual consent or any form of "summary" divorce. "Divorce," they said, "becomes an open doorway to the propagation of evil, rather than a remedy for the ills it is intended to alter."

Signor Sindona, whose extradition sought by the British Government, is however serving a 25-year sentence in the United States for fraud and conspiracy in connection with the failure of his former bank, the Franklin National of New York.

The Milan magistrate also issued two other warrants: One, for Signor Franco Giampietro, formerly of Signor Sindona's Banca Privata Finanziaria, was executed in Milan. The other is for Signor Ugo Luca, formerly of another Sindona Bank, Banca Unione, who has fled.

The arrests were decided after the questioning of several of Signor Sindona's closest collaborators, including Signor Pina Sardo Magnoni, his son-in-law, and a former partner by two Milan magistrates to interrogate Signor Sindona in New York.

Signor Sindona was appointed as manager in charge of administration at the bank by Pope Paul VI in June 1963. He comes under the head of the bank, Bishop Paul Marcinkus, an American from Chicago.

Signor Sindona in his heyday in Italy had close connections with the Vatican, as well as with many Christian Democratic politicians. He helped the Holy See to diversify its Italian investments abroad.

Russia buys more food despite embargo

Brussels, Feb 5.—The EEC's subsidized food sales to the Soviet Union rose steeply last year despite a political commitment to limit trade because of the Soviet intervention in Afghanistan.

Statistics released by the EEC Commission today show that in the first half of 1980 food sales to Moscow were worth about \$720m (£300m) compared to \$510m for the whole of the previous year.

While steps had been taken to plug many of the loopholes which allowed a rapid expansion in sales in the early months immediately after the embargo was announced, exports of some products were still booming.

Farmer price rises: European Community Farm price increases of between 5 and 12 per cent, depending on the product, are likely to be proposed by the European Commission later this month (Our Own Correspondent writes from Brussels).

The proposals are to be examined by the Commission again next Friday and will probably be adopted on February 18 for submission to the Council of Agriculture Ministers.

The prices are supposed to represent the minimum return needed to assure the EEC's eight million farmers a reasonable standard of living. Any produce for which there is no market demand at these minimum prices is bought up and stored by the EEC.

Although the size of the price increase envisaged by the Commission and Mr Poul Dalsager, the new Danish Commissioner for Agriculture, about 10 per cent, is similar to the increase broken down in Jelenia Gora.

Meanwhile, Mr Prier Jaroszewicz, the former Prime Minister, has been expelled from the Communist Party, the state radio said tonight.

The radio said Mr Jaroszewicz, who was removed from office a year ago, had admitted that he was guilty of charges levelled at him by the party's Central Committee last autumn. These included economic errors, an arbitrary manner of govern-

OVERSEAS

Poland appears to be heading for a fresh crisis as Solidarity calls another strike

Warsaw, Feb 5.—Poland headed for a new industrial crisis today as the leaders of the independent trade union movement called for a general strike in the south western province of Jelenia Gora on Monday and a 10-day-old strike in another southern province continued.

Workers in the southern region of Przemyśl also protested to the Warsaw authorities about new strike pay regulations. They announced they were in a state of strike readiness.

But the Government, which has given Solidarity several stern warnings in the last week, accusing it of turning into a political party, made no move to avert the latest wave of protests.

In Bielsko-Biala province, where a 10-day strike is costing 400m Zlotys (£3.4m) a day in lost production, union leaders said the deadlock was continuing.

Talks between strike leaders and a Government delegation broke down yesterday after the authorities refused to accept the resignations of local government officials and to discuss the strikers' demands for the dismissal of more officials for alleged corruption and financial mismanagement.

But less than a week after the two sides agreed on union access to the media and work-free Saturdays, the country is again simmering with protests, strikes and strike threats.

Last night, Mr Lech Walesa, the leader of Solidarity, told workers in Bielsko-Biala, where strikers have closed more than 120 industrial plants, to prepare for full-scale occupation of the factories if the authorities tried to use force.

It was not clear why Mr Walesa had raised the possibility of what he called forcible attacks, and strike leaders in the province said today there were no signs of any immediate action by police or security forces.

In a brief communique, they said workers in the province, close to the Czechoslovak border, were more united than

ing and the refusal to heed justified criticism.

Mr Jaroszewicz, aged 69, came to power in 1970 as the right-hand man of Mr Edward Gierek, the former party leader.

The Central Committee, which has the power to approve leadership changes and vote on policy matters, is due to meet on Monday, a day before the Supreme Court is to rule on the legality of an independent farmers' union.

Mr Stanislaw Kania, the Party leader, appears to be firmly opposed to a rural Solidarity union but the urban Solidarity movement has threatened to take strike action if the decision goes against the farmers.

The issue of the farmers' union was left unresolved after talks last weekend between the Government and Solidarity leaders which seemed to cool tempers and avert the threat of immediate confrontation.

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ever and there were no plans for further talks.

In Jelenia Gora, another important industrial region close to the Czech border, a strike committee issued a statement giving the authorities until Monday to meet their demands and calling a general strike on the same day.—Reuter.

Crucial meeting: The Central Committee of the Polish Communist Party is to convene on Monday for a crucial session as the situation in Poland shows no signs of settling down and there are growing indications that the authorities are taking a firm stand against alleged "counter-revolutionary activity," (Deser Trevisan writes from Belgrade).

The meeting is to decide on the date for an emergency party congress but there is talk of changes at the top of the party as it is becoming increasingly apparent that the leadership is divided resulting in the party showing little initiative.

Speaking to the party commission which is in charge of drafting a programme for the forthcoming congress, Mr Kania described the situation as "extremely complex" and gave a warning of the danger of anarchy, and attempts to step up dual political power and bring tension to the limit of tolerance.

What must be done, he said, was to create a situation which would secure socialist development but at this moment there was a "threat from counter-revolution" coming from the extreme within Solidarity.

He admitted the party had not envisaged such a development when the Gdansk agreement was signed allowing the establishment of independent trade unions.

He also quoted the High Commissioner as saying the amendments proposed by the NDP, to do with resource control, were "not good enough for the West".

The NDP is supporting the Trudeau constitutional measure but wants it changed to strengthen provincial jurisdiction over natural resources.

The package is opposed by the official Conservative Opposition in the Commons and 18 of Canada's 10 provinces.

The measure under which the British Parliament would be asked to legislate a Bill of Rights and a constitutional amendment formula for Canada before surrendering all control over the country's constitution is now before the committee of the Canadian Parliament.

Mr Broadbent claimed that the action of Sir John Diefenbaker, who called the NDP "a constitutionalist in the extreme" was "intolerable interference".

Asked whether he thought the Canadian Government should demand that the NDP be "cease and desist", Mr Broadbent said there should be thorough representation that he "cease and desist".

Mr Ford reacted by saying he was astonished by the charge which he called "a demand for a minimum of respect for the rule of law of a High Commissioner".

Mr Ford, at his own last called press conference, denied that he had acted indiscreet. He said he had merely tried to impress on Mr Waddell that would be a very great mistake for Canadians to ask the British MPs what to do and immediately what they asked to do by Canada.

White terror men held in S Africa

From Eric Meriden
Johannesburg, Feb 5

The South African Government has taken action to stamp out terrorism by white right-wingers who have claimed responsibility for the bombing explosion of the office of anti-apartheid politicians and academics.

Mr Louis Le Grange, the Minister of Police, announced in Cape Town today that "a number of whites" have been arrested in connection with several acts of sabotage for which the Wit Kommando (white commandos) had stated it was responsible.

The minister's statement said that security police had confiscated explosives and other equipment and subversive literature. It is the first big move the authorities have made to counter acts of violence by right-wing groups in recent months.

Mr Le Grange listed among the acts of sabotage an explosion at the home of the Transkeian consul in Port Elizabeth, the office of a professor at the University of South Africa and an explosion at the home of Mr Derrick Watterson, a provincial councillor in Durban.

The attack on Mr Watterson's home was reported at the time to have been made as a protest against his support for apartheid, his support for the Durban beaches. Nobody was hurt in the attacks, which appear to have been aimed mainly at gaining publicity.

Mr Le Grange's statement said that the attacks had caused damage running into several thousands of rands.

Former Iran Premier tries to rally the opposition

From Our Own Correspondent
Paris, Feb 5

A rallying call to the Iranian people all over the world was issued from the gilded splendour of the Hotel Crillon in Paris today by Dr Ali Akbar, who was Prime Minister of Iran for 14 months before resigning in 1979, while the authorities in Tehran tried to quell the demands of the Shah in 1952.

Dr Akbar, who is now 76, said he had decided to return to politics because of the chaos facing his country and the real threat of a communist takeover.

He sent a telegram today to those he regards as moderate leaders in Iran, including 25 ayatollahs and the association of merchants and guilds of the Tehran bazaar. "To free the Iranian people from the yoke of the white defaced religion and the black defilement of the state, in order to prevent further regret on the part of the people who took part in this revolution."

Dr Akbar said he believed his telegram would help act as a rallying call for the Iranian people and help them to rise up against the regime.

He read a statement calling for the formation of "a government of national reconciliation capable of assuring the interests of the Iranian people and establishing security and freedom."

The government, he said, would be composed of "patriotic and competent elements now in Iran and abroad." It had to be formed "before the communists can take advantage of the unfortunate situation and impose themselves by force."

His role in the rising that he was calling for was nothing more than that of a figurehead. He said that he had been in

touch with opposition leaders in exile but that what was needed was some system of weaving together all the different threads of dissent to form a united front.

His statement said that the existing Government "had been incapable of imposing its authority while the multitude of decision centres had created administrative anarchy and an atmosphere of insecurity and chaos."

It was difficult to detect in what Dr Akbar said to say any real difference between him and the other leaders of the opposition to the Islamic revolution, including Mr Shapur Bakhtiar.

He claimed, however, that he was speaking above politics to save his country from being wiped off the map.

Hunger strike: Two hundred Iranian students held in a Philippines Army camp started a hunger strike today to press demands for their release and the expulsion of Iran's chief diplomat in the Philippines, their lawyer said (AP reports from Manila).

The lawyer said the students, facing possible deportation after occupying their embassy for nine hours in a row, demonstrated on Tuesday that the strike would last "until they die of starvation."

The hunger strike began on the eve of deportation proceedings against the Iranians. Embassy officials said the students held Tuesday's demonstration at a report published in a Tehran newspaper claiming the students were "genuinely" protesting education "here and accusing some of alleged corruption."

Soldiers attack and rob Kampala residents

From Charles Harrison
Nairobi, Feb 5

Main government offices, the post office and other key installations in Kampala were under armed military guard today after groups of armed soldiers attacked and looted houses, beating and stealing from local residents, last night in Rubaga, a suburb only two miles from Central Kampala.

Mr Paul Semogerere, leader of the opposition Democratic Party, who lives in Rubaga, said five loads of soldiers had surrounded his house and entered it. They fired into the air before breaking down doors, beating people and looting furniture and other goods.

It is believed the soldiers were retaliating for attacks on off-duty troops in the area. But Mr Semogerere said one civilian had been killed and many others beaten or raped.

There was a tense atmosphere in Kampala today. Government officials were apparently trying to prevent the soldiers, who were reported to be angry at orders to leave the capital for duty in remote areas of northern Uganda.

British aid: The British Government has approved a new grant of £100,000 to help starving people in the Karamoja region of Uganda after reports that conditions are deteriorating.

It will be used by the Save the Children Fund to transport 5,000 tons of food to the stricken area during February and March.

Dr Orlov starts hunger strike in Soviet prison

Moscow, Feb 5.—Dr Yuri Orlov, the jailed Soviet rights activist, has begun a hunger strike to mark the resumption of work at the Madrid conference on security and cooperation in Europe, dissident sources here said today.

The sources said the 56-year-old physician launched the hunger strike in the Perm detention camp in the Ural mountains.

Dr Orlov, a former leader of a Soviet group set up to monitor compliance with the Helsinki agreements, was sentenced in May 1978 to seven years' hard labour and five years' house arrest for "anti-Soviet agitation and propaganda"—Agence France-Press.

Oil attracts job-seeking Africans to Nigeria

From Karan Thapar
Lagos, Feb 5

Oil has made Nigeria a haven for good jobs and easy money. Traditionally, it was the Europeans, particularly the British, who came to work in Lagos. They put up with the shantytowns, the mosquitoes, and the climate because their salaries were generous. In the past few years, however, a new type of foreigner has been coming to Lagos—immigrants from the countries of the West African Economic Community (ECOWAS).

Under the terms of the ECOWAS treaty, Nigeria guarantees free entry to all citizens of member countries. Ghanians, Togolese, Beninis and nationals from Niger are consequently a common sight in Lagos. The urban Africans, dressed in flowing kaftans, with buckled swords and daggers by their side, are the most exotic.

that Africans come to Lagos for work. The "aliens", as they are called, are simultaneously attracted for "spoiling the atmosphere".

Unfortunately, there are no reliable statistics on how many foreigners are resident in Nigeria. The latest calculation for 1979 gives the ridiculously low number of 45,000. There are probably over four times that number from Ecowas alone, and the total is continually growing.

Except for the Tuaregs, these immigrants are indistinguishable from Nigerians, and as they cross borders without formal passports there are no proper records kept of the influx.

This is no doubt why they were such an easy target for blame when the Kano riots occurred in December. Even President Shagari appeared to suggest that they had a hand in

Britain's envoy 'interfered in Canada'

From John Best
Ottawa, Feb 5

The leader of the New Democratic Party (NDP), Mr Edward Broadbent, today accused Sir John Ford, the British High Commissioner, of "intolerable interference" in Canadian affairs.

He also accused the High Commissioner of "lobbying" against the Prime Minister Pierre Trudeau's constitutional reform package, and suggested that the Canadian Government should consider requesting his recall.

Mr Broadbent based his accusation on a conversation just over a week ago between Mr Ford and Mr Ian Waddell, a Vancouver, NDP Member of Parliament.

The conversation took place at a skating party and dinner given by Mr Edward Schreyer, the Canadian Governor-General.

Mr Waddell said that Mr Ford told him Canadian politicians should know that the constitutional package was "no going through" the British Parliament.

He also quoted the High Commissioner as saying the amendments proposed by the NDP, to do with resource control, were "not good enough for the West".

The NDP is supporting the Trudeau constitutional measure but wants it changed to strengthen provincial jurisdiction over natural resources.

The package is opposed by the official Conservative Opposition in the Commons and 18 of Canada's 10 provinces.

The measure under which the British Parliament would be asked to legislate a Bill of Rights and a constitutional amendment formula for Canada before surrendering all control over the country's constitution is now before the committee of the Canadian Parliament.

Mr Broadbent claimed that the action of Sir John Diefenbaker, who called the NDP "a constitutionalist in the extreme" was "intolerable interference".

Asked whether he thought the Canadian Government should demand that the NDP be "cease and desist", Mr Broadbent said there should be thorough representation that he "cease and desist".

Mr Ford reacted by saying he was astonished by the charge which he called "a demand for a minimum of respect for the rule of law of a High Commissioner".

Mr Ford, at his own last called press conference, denied that he had acted indiscreet. He said he had merely tried to impress on Mr Waddell that would be a very great mistake for Canadians to ask the British MPs what to do and immediately what they asked to do by Canada.

OECD deplures overseas aid cuts by Britain

From Ian Murray
Paris, Feb 5

The cuts announced in Britain in overseas aid over the next four years has caused serious concern to the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD).

A review of Britain's development assistance programme announced in Paris this week was clouded by the forecast cuts of 16 per cent over the next four years, 1981 and 1982. This factor blighted the committee's apparent satisfaction that British aid programmes, 1979/80 represented 0.53 per cent of gross national product, the highest level since 1955.

While appreciating the economic difficulties faced by the United Kingdom, the committee regretted that aid had been reduced and that by comparison with other public expenditure categories it had become disproportionately large part of the overall cuts, its report said.

"In view of the urgent need of the developing countries receiving British aid, it urged the United Kingdom Government to make at least a 10 per cent volume of its aid stable in real terms and to resume progress as soon as possible. The committee expressed concern that cuts in aid of this proportion would have wider implications for the North-South dialogue."

The British delegate headed by Sir Peter Presto Permanent Secretary in the Foreign Office's Overseas Development Administration gave assurances that the new objectives which would give more weight to political, industrial and commercial considerations, would still concentrate on the poorest developing countries.

Palermo, city of art

For thousands of years Palermo has played host to visitors. Not all of them came just for the beautiful coast, plains and mountains, or to sample the local gastronomic delicacies or simply bask in its temperate climate.

Some came to conquer: Greeks, Romans, Arabs, Normans, Aragons and Bourbons have all left their mark. Their influence on art and architecture has made Palermo an unforgettable experience.

A city where many cultures have blended with the natural beauty to make the ideal holiday location.

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201 Regent Street, London, W1
Telephone: 01-439 2311
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OVERSEAS

Moscow embarks on propaganda drive against Reagan policy

From Michael Binyon
Moscow, Feb 5

The Russians are gearing up their propaganda apparatus for a campaign which looks as though it will be as intense as their last campaign three years ago.

The announcement by Mr. Caspar Weinberger, the American Secretary of Defence, that the United States would like to continue the development of the neutron weapons, has been strongly denounced here as a new danger to peace which could not fail to arouse deep alarm in the world.

Pravda said today that President Carter had been forced to abandon the development of the bomb three years ago because of the protests it aroused, especially in Western Europe. The "transatlantic sowers of thermonuclear death" retreated but did not give up their plans, and were now making a new attempt to impose the dangerous weapon on the world.

The newspaper said that Mr. Weinberger's statement that the bomb would strengthen the West's nuclear weapons was a proof that the move was closely connected with NATO's decision in 1979 to deploy medium range American nuclear weapons in Western Europe.

The article accused the Americans of plunging into adventurism, never more quickly than when the White House was moaning about its pieties in assuming the leadership of the world—for Christians, Muslims, Buddhists, atheists and anyone else.

The Soviet Union had proposed to the Americans the joint renunciation of nuclear and conventional weapons, but in reply, Washington had increased its military preparations and was trying, with threats and blackmail, to impose nuclear weapons on other countries.

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The State Department is trying to calm European fears that the new Administration may reactivate the neutron bomb programme which was scrapped by President Carter.

A spokesman for Mr. Alexander Haig, the new Secretary of State, insisted today that no new decision on the deployment of the weapon, whose official title is the Enhanced Radiation Warhead, would be taken without full consultation with America's European allies. The neutron bomb is a weapon which kills living things but leaves inanimate objects relatively unscathed.

At a press conference here earlier this week, Mr. Caspar Weinberger, the new Defence Secretary, said he thought that "the opportunity that [the neutron] weapon gives to strengthen theatre nuclear forces is one that we would very probably want to make use of."

Since the Defence Secretary's remarks, several European Governments, principally the West Germans and the Dutch, have voiced their concern about the possibility that they might be asked to station neutron weapons on their soil.

A Bonn spokesman said that the reluctant approval given to the weapon by Herr Schmidt, the West German Chancellor, a couple of years ago was no longer valid.

Responding to the newly awakened concern in Europe, the State Department spokesman said today that a decision on production of the bomb could be taken unilaterally by Washington, but that the question of its deployment was "obviously a concern not only for us but for our allies."

Mr Arafat dismisses the Jordan option

Continued from page 1

care and in a quiet voice his relationship with King Hussein of Jordan, the next almost choking condemnation of the "terrorist military junta" that governed Israel. He gave the impression of a man caught between emotion and rhetoric, a public speaker whose fury always carries over into the conference room.

He spoke slowly and carefully about Afghanistan. "As a friend of the Afghan people," he said, "I am looking for a solution to this issue. It must be on the principle that Afghanistan is a part of the Islamic world, that she is a member of the non-aligned nations and that there should be no interference in the internal affairs of Afghanistan." Asked if he would be a mediator, he replied: "If the Afghan people ask me, I am prepared to do it." He would be ready to do it anywhere, including Moscow, because "it is my duty and the Afghan people are my brothers."

Mr Arafat did not differ in the internal affairs of Afghanistan, and their Soviet-supported Government although he said that he had had "no opportunity" of meeting the Afghan rebel leaders who attended the Islamic summit conference at Taif in Saudi Arabia last week. He accepted President Zia's proposal that the United Nations should appoint a special representative to Afghanistan.

Plan to set up a 'liberal democracy'

A future Palestinian state, which would be set up on any part of Palestine from which the Israelis withdrew, would be a liberal democracy, Mr Arafat said, and he alluded to the present structure of the Palestinian National Council (PNC), the parliament-in-exile whose membership is partly elected by PLO groups and partly nominated by the PLO executive. Palestinians cannot ballot individually for the PNC but Mr Arafat, while aware of his considerable electoral following, still believes it is more genuinely representative than the governments of most Arab states.

"We are proud of our democracy in the revolution," he said. "It is the hardest and most difficult kind of democracy—because it is democracy among the guns. But we have succeeded in creating a democracy and those freedom fighters who have been given a democracy will continue to have democracy in their independent state. And it will be a democratic oasis in the Middle East, at the end of the revolution, we will be proud of it. There will definitely be elections. Our people have the right to elect any person."

The PLO leader dismissed



Mr Arafat: Adopts a wait-and-see attitude to new American Administration.

the so-called Jordanian option in the Arab-Israeli conflict; the notion that President Reagan could offer the West Bank back to Jordan in return for King Hussein's cooperation. He recalled that the King had himself dismissed the idea. But Mr Arafat said that in a secret session of the 1974 Arab summit, the conference which confirmed the PLO as the sole legitimate representative of the Palestinians, it was agreed that a special relationship would exist between Jordan and a new Palestinian state.

"We are ready to make a special relationship between the Palestinian state and the Jordanian state," he said, "according to the agreement between both sides. This was recorded in this secret session. Our Palestinian National Council accepted it and I am following it."

Mr Arafat was less specific and a good deal more agitated, however, when asked about the human suffering caused by Palestinian guerrilla raids into Israel. Indeed, questioning the PLO leader about the innocent casualties of these attacks led to a series of shouted interruptions. When I asked him why guerrillas in other wars seemed to be able to confine most of their attacks to military and industrial targets whereas Palestinians often appeared to end up killing Israeli children and women, Mr Arafat shouted: "Babies, only babies, yes?"

Only babies and children. Do you believe them (the Israelis)? another big lie. What is going on in the south of Lebanon? Who are suffering from Phantoms and from F-16 aircraft and from cluster bombs and fragmentation shells, even forbidden weapons? But the Israelis have the right to use very up-to-date and sophisticated weapons and I have not the right to use my armies to defend my people and to defend my small children."

Killing of women and babies 'a mistake'

When I said that some Palestinians seemed to have difficulty in justifying certain attacks, Mr Arafat interrupted again: "Always they are preparing communications about small children and old women. But such attacks do happen. I said, 'It doesn't.' Mr Arafat shouted back: 'Definitely, I have the right to resist. Let them withdraw from my homeland, from our homeland.' Yet there were people, I said, who might agree with Mr Arafat's criticisms yet when women and babies were killed... 'I am against it,' Mr Arafat suddenly said. Such incidents were 'a mistake'. 'Yes,' he said, 'I am against it. But you have to ask these citizens why they are living in my homeland. They are participating in

this tragedy. They are participating in this crime with their government, the Israeli military junta they have to stop it..."

Mr Arafat reiterated his desire to see a Palestinian state in which Jews and Arabs shared equal citizenship with equal rights and he pulled from his jacket pocket a pale blue Palestinian pound note, a crumpled piece of currency issued by the Anglo-Palestine Bank with the denomination written in both Hebrew and Arabic. It was more than 32 years old. The proposal for a joint Jewish-Christian-Muslim state of Palestine was first put forward by the PLO in 1969 and Mr Arafat regards it as proof that the Palestinians can come up with their own solutions.

But would Jews living in homes that had once belonged to Palestinians be forced to leave their houses? "No, no," he said. "We can deal with this matter. We can arrange it. We can find a solution. But they have to accept our right to return back." Mr Arafat did not involve himself in complexities. The Lebanese civil war he described as the result of a "conspiracy".

What have the Palestinians done for Lebanon? "I will continue in my struggle to achieve my homeland," Mr Arafat said, "so as to leave Lebanon and to thank them for their hospitality. They are suffering too much."

American Commentary

by Patrick Brogan

Reagan policies start much fruitful bustling

Washington, Feb 5

On February 1, 1977, the new President donned a cardigan, sat down in front of an open fire in the White House and delivered his first fireside chat to the nation. He never made another, but on that occasion he delighted everyone with his sincerity and competence, and disarmed them by saying: "I have learnt in two weeks in the White House that there are many things a President cannot do. I am sure to make mistakes."

In his first two weeks in office, Mr Carter set the scene for his presidency. He sent his Vice-President, Mr Walter Mondale, off on a tour of allied capitals to assure them of American constancy; announced a programme of tax cuts; examined new ways of dealing with the press to make his Administration more open than his predecessors; and instructed his Energy Secretary to devise an energy policy and his Secretary of State to come up with radical new proposals for dealing with the Russians.

The biggest difference between Mr Carter's position four years ago and Mr Reagan's now is that it was then thought necessary to reflate the economy. Taxes would be cut and government spending would be increased. Mr Reagan wants to cut taxes and cut spending, too.

Mr Carter proposed to cut average taxes by \$50 a year (which would be of greatest benefit to poor people) while Mr Reagan wants a flat ten per cent cut (which will be of greatest benefit to the rich). Mr Carter gave up the idea some weeks later, when he came to see that it would be inflationary and unnecessary, and his economic policies never recovered.

He never got control of the economy. Spending, inflation, interest rates and the federal deficit all soared upwards over his term of office and although his first mistake was clearly only a small part of his overall

failure, it was significant enough. Mr Carter floated the idea that the press should be admitted to Cabinet meetings. We never were. Mr Reagan has floated the idea that the press should be allowed as little contact as possible with the White House staff.

In the two weeks since Mr Reagan was inaugurated, the Government has at last started moving again. One can make a good case that it stalled early in November, 1979, when the hostages were seized in Tehran and Senator Kennedy announced that he was running for the presidency.

Now, at last, American foreign policy is moving again, serious thought is again being devoted to national defence and there is much fruitful bustling around the President's economic ideas off the ground.

Mr Carter left behind a budget with a proposed deficit of \$27,500m. He had cooked the books, of course; the real deficit he proposed (for the year beginning next October) was \$73,000m. By slashing away at the budget, Mr Reagan may reduce the deficit, and then by cutting taxes he will put it up again.

In his first fortnight, Mr Reagan gave a conventional press conference (his first fireside chat was tonight), and where Mr Carter increased spending, Mr Reagan has frozen federal hiring and ordered all new federal regulations suspended for two months. He has also decreed an end to the regulation of the price of pork (but not meat).

Whether his first few weeks in office will prove to be more productive than were Mr Carter's, will be judged in four years' time. In the meanwhile, he will not say, however true it is, because it would be to admit failure at the outset: "I have learnt in two weeks in the White House that there are many things a President cannot do. I am sure to make mistakes."

President sets the pace on 70th birthday

From David Cross
Washington, Feb 5

It is President Reagan's seventieth birthday tomorrow and the jokes about it are already flying fast.

The President who has never seemed to mind people poking fun at his advanced age, when he was called him the "Ole Man" during the recent election campaign for "oldest and wisest"—has been taking the lead himself. No doubt he hopes that this will deflect some of the jokes which are circulating about him being the oldest American ever to enter the White House.

"I know your organization was founded by six newspaper-

women in 1919". Mr Reagan told the Washington Press Club at its annual dinner last night. "Seems like only yesterday", he continued.

Then today he thanked those attending a national prayer breakfast who had serenaded him with a loud rendition of "Happy Birthday" with the comment that he was celebrating only "the thirty-first anniversary of my thirty-ninth birthday".

The President is expected to spend tomorrow like most other days at his desk in the Oval Office. But in the evening the First Lady is organizing a surprise party at the White House.

Bomb base 'unlikely' in Britain

By Our Political Reporter

Mrs Thatcher told the Commons yesterday that it was unlikely that the proposed neutron bomb would be based in Britain.

Her reply was: "Its purpose is to attack massive concentrations of armaments which the Warsaw Pact countries have and it would be unlikely that such weapons would need to be based here."

Mrs Thatcher was also pressed by Dr David Owen, the former Foreign Secretary, to urge President Reagan in her forthcoming visit to make a decision about the neutron bomb now that European theatre nuclear weapons negotiations have just begun.

Dr Owen said that the development of the bomb should be put into those negotiations with the hope that it may be possible to negotiate and reduce substantially the level of battlefield nuclear weapons in Europe.

Mrs Thatcher said they were all anxious to reduce the level of battlefield weapons but that "if we agree we must be absolutely certain that an agreement can be effectively monitored otherwise we should lose the essential defence which a government must provide for its people."

Mr Ron Hayward, General Secretary of the Labour Party, issued a statement last night saying: "We shall refuse to permit its deployment in Britain by the United States, or any other country."

He said that the party would campaign in this country and in cooperation with our fellow socialists throughout Europe, to ensure that this foul weapon is rejected.

Parliamentary report, page 10

US move to calm allies' fears

From David Cross
Washington, Feb 5

The State Department is trying to calm European fears that the new Administration may reactivate the neutron bomb programme which was scrapped by President Carter.

A spokesman for Mr Alexander Haig, the new Secretary of State, insisted today that no new decision on the deployment of the weapon, whose official title is the Enhanced Radiation Warhead, would be taken without full consultation with America's European allies. The neutron bomb is a weapon which kills living things but leaves inanimate objects relatively unscathed.

At a press conference here earlier this week, Mr Caspar Weinberger, the new Defence Secretary, said he thought that "the opportunity that [the neutron] weapon gives to strengthen theatre nuclear forces is one that we would very probably want to make use of."

Since the Defence Secretary's remarks, several European Governments, principally the West Germans and the Dutch, have voiced their concern about the possibility that they might be asked to station neutron weapons on their soil.

A Bonn spokesman said that the reluctant approval given to the weapon by Herr Schmidt, the West German Chancellor, a couple of years ago was no longer valid.

Responding to the newly awakened concern in Europe, the State Department spokesman said today that a decision on production of the bomb could be taken unilaterally by Washington, but that the question of its deployment was "obviously a concern not only for us but for our allies."

Panama accuses US of violating Canal treaties

From Stephen Downer
Panama City, Feb 5

President Aristides Royo of Panama intends to protest to President Reagan against alleged violations by the United States of the spirit of the Panama Canal treaties, signed in October 1979, Señor Jorg Rittler, the Panamanian Minister of Government and Justice has said.

The Panamanian Government's main concern is over what it sees as the lack of autonomy of the Panama Canal Commission as a result of the treaties' implementation mechanism passed by the United States Congress.

"We have always maintained that the commissioners are autonomous," Señor Rittler said. "Not officials of the United States, at Washington seems to think they are."

The commission of five United States nationals and four Panamanians was established to administer the 50-mile waterway until December 31, 1999, when it will become Panamanian property.

Until then, 42 per cent of what was the \$33-square-mile Canal zone will be controlled by the commission because of operational and defence considerations.

Panama is also worried by Mr Reagan's publicly aired disapproval of parts of the treaties and fears that he might disown them, using the implementation mechanism as an excuse.

The Panamanian Government sent Mr Edmund Muskie, the former Secretary of State, a 200-page letter in November listing the alleged violations. The letter came after two others sent to President Carter in late 1979 and early 1980, according to Señor Rittler.

"President Royo intends doing the same with President Reagan," he added.

Another of the points to which the Panamanians object, the minister went on, was United States insistence that without the presence of a majority of the United States commissioners at any meeting there is no quorum. "The treaties did not stipulate that that had to be the case."

The treaties were pushed through thanks mainly to the persistence of General Omar Torrijos, who seized first shared an then total power in Panama in a coup in 1968.

General Torrijos, who now heads the Panamanian National Guard and is the power behind the Royo presidency, might be

Brooklyn court's ruling on homosexual ward

From Our Own Correspondent
New York, Feb 5

A Brooklyn judge ruled yesterday that a 22-year-old homosexual may legitimately adopt his lover, even though the guardian will be four years younger than his ward. The judge, Mr Leon Deutsch, said he at first had doubts about the arrangement but could see nothing in law to stop it.

The couple share a house and had sought to become legally related because it simplified such matters as insurance, inheritance and pensions. The younger man adopted the older one (their names have not been disclosed) because the younger is settling the estate of his late mother and feared complications if he were adopted by someone else.

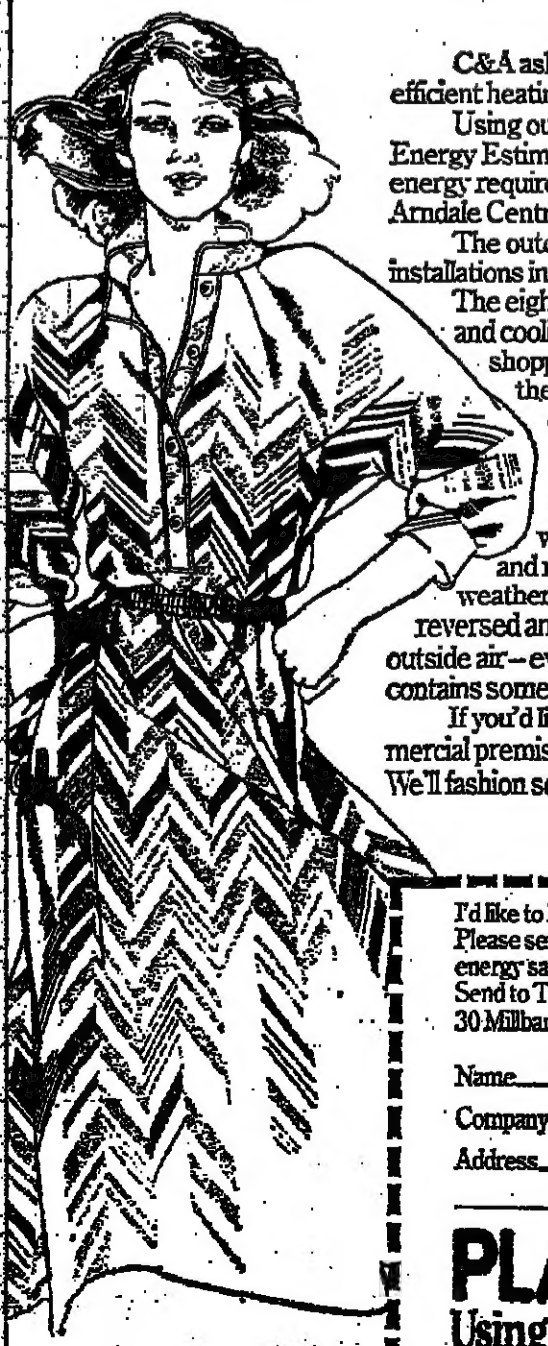
There is nothing illegal in a homosexual relationship here. Last year, an appeal court overruled a state law against sodomy, when undertaken between consenting adults of any sex.

The judge said he would allow the adoption because the couple had shown valid economic reasons for it.

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ENERGY CASE HISTORY
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OVERSEAS



Advice for promoter: Mr Harold Smith, the Los Angeles boxing promoter (above), who is being sued for \$21.3m (\$9.1m) was publicly advised by Muhammad Ali, the former heavyweight champion, yesterday to "go right to the FBI before he talks to me". Mr Ali added at his home near Los Angeles: "I'm going to tell Harold: 'Don't talk to me.'" He had been asked by journalists if he knew of Mr Smith's whereabouts. Mr Smith, chairman of Muhammad Ali Professional Sports Inc, has been named in a suit in which Wells Fargo National Bank claims it was defrauded of \$21.3m.

Mr Richard Cooley, the chairman of the Wells Fargo Bank of California, yesterday described as "preposterous" allegations by Mr Smith that bank officials were responsible for embezzling some \$200m to \$300m. Mr Smith claimed in telephone calls on Tuesday that he disappeared because he feared for his and his family's lives.

Chinese leaders show an image of unity

Peking, Feb. 5. — China's leaders belied persistent rumours about their disagreements by presenting a united image today, the Chinese New Year's Day.

Most significant was the re-appearance in public of Mr Hua Guofeng, the Communist Party chairman, after more than two months absence.

Last night, as firecrackers signalled the start of the Year of the Cockerel in the Chinese capital, Mr Hua, who is shortly to step down as chairman in favour of Mr Hu Yaobang, the party's Secretary-General, had a New Year's Eve dinner with Mr Huang Van Hoan, a former member of the Vietnamese National Assembly, who defected to China in 1979.

Tonight, Chinese television showed film of the regime's strong man, Mr Deng Xiaoping, the party Vice-Chairman, attending a reception organized by the Chinese People's Political Consultative Conference, a body grouping non-Communist Party figures round a nucleus of party representatives.

The film put an end to speculation over the lack of news, paper coverage of Mr Deng's activities. Even General Chen Xilian, former Peking military commander who was removed from the Politburo last year, received a mention in the official press.

45 Pakistani emigrants die in boat

From Our Correspondent Islamabad, Feb. 5

At least 45 of a party of illegal Pakistani emigrants died of starvation and thirst at sea during a 23-day journey on a rickety launch between January 10 and February 2.

About 25 survivors, near to death, were rescued in the Arabian Sea by a United States naval supply ship on February 2 about 400 nautical miles south-west of Karachi. One died on board the American ship.

About 16 Pathans and more than 30 Sindhi Baluch men, most of them under 30, were being taken on a private launch illegally to Dubai on the pretext that they would be able to get jobs there. The launch broke down a few hours after the journey began on January 10. Although the men tried to row the boat towards the shore, a storm pushed it away further into the open sea towards Muscat.

There have been a number of fatal incidents involving illegal emigrants to the Gulf and the Pakistani Government has taken many measures, including the employment of coastguards, to prevent people leaving the country illegally in search of lucrative jobs in the Gulf states.

Luanda seeks ways to increase food production Lack of incentives damages Angola

From Anthony Lewis Luanda, Angola, Feb. 5

Mr Roberto Dalmeida, the Planning Minister, searched for the right word in English to describe the Government's new approach to Angola's economic problems. He chose pragmatic.

People have to be motivated to work, he said, and gave as an example small farmers, who owned their own land. When the Popular Movement for the Liberation of Angola took power in 1975, it nationalized only farms abandoned by Portuguese settlers and large company-owned tracts—about 15 per cent of the land.

"We have been in a phase when small farmers wouldn't sell their crops for money because there was nothing to buy. They asked 'Why do I want money when I can't buy clothes with it?'—so they just grew enough for their own subsistence."

To give farmers incentives to grow cash crops, the Government urgently needed to build up a transport system and get goods to the villages. The Portuguese had left almost no lorries behind in 1975, and of those bought since then, many had been wrecked.

The Government intended to help small farmers by supplying seeds, fertilizer and machinery through co-operatives. Until now agricultural investment had gone almost entirely into big state farms, Mr Dalmeida said.

Food is Angola's biggest economic problem by far—90 per cent has to be imported.

Before independence Portuguese farmers here supplied much of the domestic market for corn, sugar and potatoes. They also grew large crops of

coffee and cotton for export. When the Portuguese left, production plunged—and, as officials acknowledge, the new Government's socialist policies have not helped.

Today Angola grows less than than a fourth as much cotton and coffee as it did before 1975 and probably less of the food staples.

Because the towns have been short of food and the villages short of industrial goods, a system of barter has developed. People in the towns get whatever goods they can, drive out to the country and trade what they have for food, some of which they resell in the towns.

Mr Manuel Pedro, Cavacira, the Agriculture Minister, has estimated that 50 per cent of the food grown in Angola is absorbed by barter trade or black market, which the authorities want to stamp out.

At a special congress held in Luanda last December, the ruling party made agricultural development its priority. Mr Dalmeida said the aim was self-sufficiency in food.

One way of improving the economic situation is to hire more managers and technicians from abroad.

A Scandinavian here said: "There are no managers of any caring. People have nothing much to buy, so they don't see why they should work to earn money. A lot of people wish the Americans would come and start organizing things."

"The Government makes no secret of the need for foreign experts—not just executives but electricians, telephone workers, hotel managers and tyre makers. Some who have come

here, but so far not very many, are Americans."

A Brazilian company has a contract to refurbish and manage Luanda's two operating hotels and another that is out of commission. French experts are going to advise the state farm managers on grain production and West German pilots fly the Angolan Airlines Boeing 707s and 737s. Volvo and Fiat and an East German company are training motor mechanics—and perhaps they will repair Luanda's mostly inoperative fleet of Mercedes taxis.

The big American company here is Gulf Oil, which pumps oil from offshore wells in Cabinda, an enclave separated from the rest of Angola by a bit of Zaïre. Mr Thomas King, the Gulf manager here, said he was optimistic about business prospects.

"We do have some frustrations, but you have those anywhere in the world. It's no different from our operations elsewhere, except that supplies are spread a little thinly. You have to have a greater degree of self-sufficiency," he said.

Gulf has 100 foreign regular employees here and 140 more Portuguese under contract. It employs 350 Angolans and is starting a programme to train them for more skilled oil operations.

Texaco is negotiating a pre-independence oil agreement with Angola, and two French companies, Total and Elf, won concessions last year to explore offshore.

Angola is considering whether to join the Organization of Petroleum Exporting Countries. The New York Times News Service.

Ecuador says Peru broke ceasefire pact

Lima, Feb. 5.—Peru and Ecuador yesterday sent international observers back to their disputed border zone to verify that their troops were maintaining a ceasefire.

In Quito, the Ecuadorian capital, President Jaime Roldos accused Peru of violating the ceasefire agreement by flying transport aircraft over the region with the intention of landing troops at its border posts. Peru has denied this.

In Lima, the Peruvian Armed Forces gave the first details of military action.

The command said one Peruvian was killed and six were wounded, and Ecuador suffered "some casualties".—AP.

Salvador volcano battle

San Salvador, Feb. 5.—At least 45 people have been killed in El Salvador in a two-day battle between the guerrillas and government troops for control of a volcano used as a beacon for rebel supply drops, witnesses said today.

Officials also reported 40 political killings in the past 24 hours, including seven young men kidnapped and shot dead by right-wing "death squads" in the San Salvador suburb of Cuscatlancho.

Local residents described the fighting for control of Conchagua volcano on the edge of the Gulf of Fonseca in south-eastern El Salvador.

In Washington, the State Department has announced that Mr Frederic Chapin, a senior Defence Department official

handling Latin American security policy, has been named Chargé d'Affaires at the American Embassy in San Salvador until a new Ambassador can be named.

Authorities here said the bodies of at least 24 men and two women, several of them tortured, were found shot dead yesterday in San Salvador and the western provincial capital of Santa Ana, a rightist "death squad" stronghold.

In San Martín, 12 miles east of San Salvador, government troops fought guerrillas.

Leftists allege that Guatemalan troops are fighting alongside El Salvador's Army in an effort to stamp out the Marxist insurgents struggling to overthrow the Junta.—UPI.

FOREIGN REPORT

Even the poor in Algeria are happier at lifting of restrictions

In Algeria it seems every good deal of food has to be imported and with the food, inflation is brought into the country. This is now running officially at around 12 per cent, but some estimates put it as high as 17 per cent. Meat in the towns can cost as much as 70 dinars a kilogramme (about £3.50 a pound) and most families can only afford it on special occasions.

With training, the huge young population could provide the workforce needed to exploit the Algerian potential for industrial development. Diversification away from near total reliance on gas and oil as a money earner is essential if the economy is to develop. But training places are so far insufficient, with preference apparently given to children whose parents work for one of the big nationalised industries that control every important industry.

Another problem has been that the socialist character of the economy has tended to put off potential investors from the West—certainly this is the case with Britain.

This outlook and image of the country was very much the creation of President Boumedienne, who ruled very strongly from the centre. An undoubtedly brilliant man, he inspired something akin to fear in his closest associates. When he died there was a deep-felt desire among the

sil-important senior Army officers for a more flexible leadership, away from the total Muslim puritanism and socialist theory which had dominated the Boumedienne regime.

So the Army put forward Chadli Bendjedid and their support was enough to defeat the claims of the supposed heir apparent, Muhammad Yahyaoui, who if anything is more strict and orthodox than a Muslim and socialist than Boumedienne had been.

President Chadli has already shown himself to be more flexible. "He has no personal dislike of private property", one diplomat has said of him. He is a pragmatist with no liking for "isms", preferring order and work to wall slogans.

It would be wrong, however, to think that he is likely to move away from the socialist system, which is now a deeply rooted fact of life. If he has reduced the powers of the executive bodies like the Central Committee of the FLN (the only legal party in Algeria) and the politburo, he has shown every sign of wanting to exploit the advantages of the nationalised societies.

At the same time he is prepared to tolerate and even encourage what are termed "the allies of the revolution" in the "non-exploiting" sectors of retail, agriculture and tourism. One of his close associates in the Cabinet has gone on record as saying that

"sometimes competition does not harm". There is a growing acceptance of the belief that it is unrealistic to expect everything from the state.

The President has made it clear that he wants to balance the economy by the end of the 1980s five-year plan which was agreed at the end of last year. He has, however, said: "The high standards of living the people are looking for are not for tomorrow."

The people nevertheless seem to be happier already and everyone seems to talk about the more liberal feel of the Government. The removal of restrictions limiting trips out of the country has been welcomed, even by those who cannot afford to travel. The lifting of restrictions on buying land is appreciated, though few can afford to do so.

The new President has had to face industrial disputes, university riots and Berber risings in his term of office, but he has succeeded in calmly taking the steam out of the situations by patient explanations.

His personal belief in Islam lacks the almost fanatical strength of his predecessor, but at the same time he has been steeped in a feeling for his religion from childhood. The result is that his emphasis is less on an Islamic dedication than on national traditions.

One example is the appointment of a new minister to deal with popular arts. The Queen,

during her recent visit, was taken, not to see a heavy industry factory as would have happened in the days of Boumedienne, but to see a craft workshop.

The new President, for all that he appears to have made a favourable impression with the people, still lacks the presence of his predecessor. The tragedy of the earthquake of El Asnam has given him the opportunity to show a lead. By using the 85,000-strong Army—which originally gave him power—to help in the disaster area, and by promising to spend £400m building a new prefabricated town of 40,000 homes, he has struck a chord with the population.

For the twentieth anniversary of independence in 1982, he has called for a new history of the country to be prepared. Current history books do not even mention the name of the first President and resistance leader, Ben Bella, who was arrested in 1965, so the bulk of the young population scarcely know he existed.

President Chadli himself made no reference at all to his predecessor in his last state of the nation speech. The sign, therefore, that when the new official history appears, the name of Ben Bella will reappear and the name of Boumedienne will not loom quite so large.

Ian Murray

Between three and 20 laser-armed satellites needed to cover the earth

The United States Air Force recently announced the successful test of a laser beam capable of destroying intercontinental ballistic missiles.

It has also been disclosed that the space shuttle, the American reusable space ship, due to make its first flight this year, will be used to test an aiming and tracking device, considered essential if the laser is to become an effective weapon of destruction.

Last December a Senate committee urged the Government to accelerate its research into laser weapons because, it was claimed, the Soviet Union might have already begun developing an operational system. Such prompting should find a willing audience in the White House where President Reagan is said to favour a crash research programme. There is talk, however, of a programme as intense as the Manhattan Project, which produced the atomic bomb to end the Second World War.

Are we then, as some commentators believe, on the threshold of an age in which directed energy weapons like the laser or, more futuristically, the particle beam, will cause a fundamental review of the strategic balance and the weapons which preserve it?

The technical feasibility of the laser weapon has long been proven. The American Air Force exhibited parts of target aircraft "shot down by a laser's high intensity light beam at last year's Farnborough Air Show—along with the model of a KC135 aircraft converted to carry out associated tests from the air.

As a means of destroying enemy satellites or ballistic

missiles shortly after launch and before their multiple warheads have disengaged it is in space that the laser weapon has its most promising application.

There, the concept of a weapon orbiting the earth, its beam darting with the speed of light from target to target without the attenuating effect of the atmosphere, has an obvious theoretical attraction for defence scientists.

The engineering obstacles, however, remain daunting. Between three and 20 laser-armed satellites would be needed to cover the earth, depending on the orbit chosen—and only one of these would probably be in the right position at the right time.

Each satellite might need to be up to 10 times bigger than any space station so far launched, and would need to cover ranges of up to 25,000 miles (again depending on the orbit).

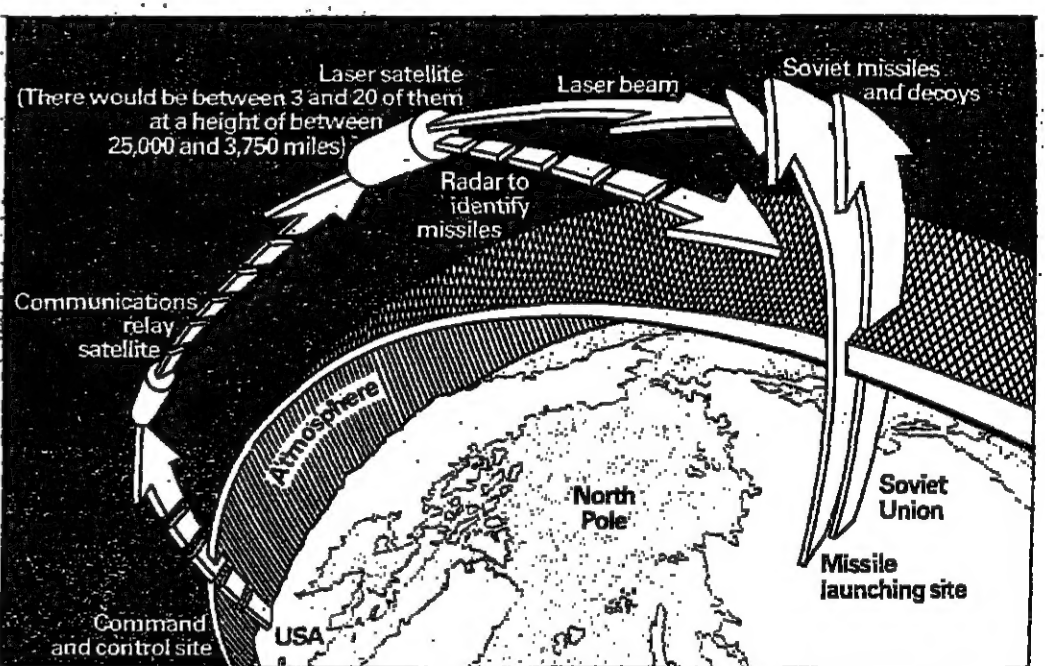
There is a "trade-off" between the numbers of satellites and the range they have to cover—the higher the orbit, the fewer are needed, but the greater the range.

A laser is not particularly efficient in that about 90 per cent of its energy is dissipated in waste heat. To penetrate the skin of a modern missile one would need to supply it with a power of about 1,000 megawatts at any given time.

The average output of the London Electricity Board is only 700 megawatts higher than that, so the plant required to generate such power in space would be enormous—hence the size of the satellite.

The obvious response of a counter force by a threat would be to toughen the skin of its missiles, so even this power requirement could soon become outdated.

Like all weapons a laser would need to detect its target, then track it and "inform" its command and control unit on



the ground whether it had scored a hit and how much damage had been inflicted. As an anti-ballistic missile system it would have time for only one "shot" anyway.

Unlike a missile, a laser has to be accurate to within a couple of metres. A missile can destroy another missile by the use of a proximity fuse, so that it need be accurate only to within a few miles. But a laser beam is very narrow and has to be if it is to concentrate its power to burn through a metallic target.

Lasers could be mounted on aircraft, of jumbo size probably, and this would simplify the engineering problems. But the beam would then have to combat the effects of the atmosphere and a fleet of aircraft would be required.

An aircraft—or a space station for that matter—would itself become a target for the

enemy and would need substantial protection from fighters or hunter-killer satellites.

Britain and France have conducted feasibility studies on laser weapons, and the French are carrying out a secret study of their possible use to protect their own land-based missiles from a pre-emptive strike. But only the superpowers seem to have the resources to overcome all the various obstacles.

These obstacles are by no means insuperable. Few seriously doubt that an intensive research programme could overcome them. As an anti-satellite system, the laser weapon looks unlikely to be as cost-effective as more conventional means of destruction. As an anti-ballistic missile defence, however, it has undoubted potential because no other satisfactory system has been found.

On the question of arms control, the Outer Space Treaty of

1967 expressly forbids the destruction of satellites by any kind of weapon. The anti-ballistic missile treaty, which was signed as part of SALT in 1972 also prohibits the deployment of either lasers or particle beam weapons in an anti-missile role. However, this treaty does not ban their development and how long the treaty would remain effective if an effective system could be produced is another matter.

Mr Hans Mark, who was Air Force Secretary in the Carter Administration, has already predicted that laser weapons will form an important part of the American strategic arsenal during the next decade. Many believe that he will be proved right. But should he sound quite so confident—and so keen?

Henry Stanhope
Defence Correspondent

Isolation gives shrill edge to Grenada's defences

Nearly two years after experiencing the English-speaking Caribbean's first coup, the tiny island of Grenada is virtually isolated from its neighbours.

President Reagan's arrival in the White House, an American invasion.

On the face of it, there is little reason why the United States should worry over one small Caribbean island, an island of 110,000 people where the revolutionary Government begs the people to welcome the cruise ships that regularly swing into the beautiful, billowing harbour of the capital, St George's.

In the last year or so, the Caribbean's flirtation with left-wing politics, which gained momentum after Mr Maurice Bishop and his New Jewel Movement overthrew Grenada's eccentric leader Sir Eric Gairy in March 1979, has cooled. In March, after island election results have produced a march back to safe, tried Westminster systems and conservative leaderships.

With the fall of Mr Michael Manley in Jamaica last October, Grenada lost its one real ally apart from Cuba. The year ended with a vicious slanging match between Mr Bishop and Mr Tom Adams, Prime Minister of Barbados, who thought it was time Grenada held elections. The rest of the anglophone islands have kept their distance; in

Port of Spain, Dr Eric Williams, Prime Minister of Trinidad, will not even open Mr Bishop's letters.

Isolation has given a shrill edge to Grenada's defence. In the shadows, imperialist enemies are detected, waiting to pounce. Nor is Mr Bishop's People's Revolutionary Government (PRG) entirely imagining them. It can point to two attempted counter-coups, a string of shootings, and an attempt to blow up most of the Cabinet at a mass rally last June.

But terrorist hostility strengthens the PRG's missionary resolve. It provides justification for keeping detainees locked up without trial; about 100, perhaps 40 of whom have been there since the takeover.

It is used to back up Mr Bishop's argument that elections are not a priority. Conventional campaigning would be a dangerous distraction from the serious business of transforming an underdeveloped island society into a productive, self-reliant proud community. The PRG, Mr Bishop argues, already has sufficient mandate for that in the popular support that certainly exists.

The PRG, in its assault on the Caribbean's perennial problems of poverty, dependence, and underdevelopment, is

attempting the first real break with the traditional laissez-faire politics of the anglophone Caribbean. It is steadily reducing the 50 per cent unemployment it inherited from Sir Eric Gairy, pushing the island back into production, and getting a slack and stagnant economy under control in a way that has impressed even the International Monetary Fund.

It has attracted more than £30m in aid from a wide range of donors—from the West, the Middle East and the Soviet bloc. Except for hardcore terrorist opposition, the political violence of the late Gairy years has gone. Medical care is free, there has been long overdue educational reform, and the PRG is attempting to build a rudimentary village democracy which might well replace the inherited Westminster structure.

But the Caribbean, like Britain and the United States, is not much impressed. When Mr Bishop came to power, he promised early elections, and has broken his promise. The process of putting detainees on trial has been slow. Hyper-sensitive to detractors of the revolution, the PRG has kept a lid on independent media and opposition parties. It has brought in, with a show of reluctance, "Terrorism Act" which introduces the death penalty.

The anglophone Caribbean like none other, this, nor Grenada's politicized army and voluntary militia. Still less does it like the close alliance with Cuba, which has provided extraordinarily generous aid. Cuba is helping to build Grenada a new international airport, and its 200 or so technicians, including hardworking doctors and dentists, have made a strong impression. The two islands have abolished visas for each other's people.

The PRG now looks for its allies not to Kingston and Port of Spain, but to Havana and to the Sandinistas' Nicaragua. It tends to follow a Moscow line, for example, on Afghanistan. To the rest of the English-speaking islands, this is anathema. There is talk of excluding Grenada from Caricom, the Caribbean Community.

Grenada's is essentially a nationalist revolution, clearly capable of mobilizing its population. Isolation and hostility are driving the island out of its natural alliances, out of the range of traditional influences, and into a defensive reliance on Havana. In this way, the West and the Caribbean may be repeating exactly the same mistake that was made over Cuba, 20 years earlier.

Jeremy Taylor



Moderating wage settlements and lowering inflation provide chance for expansion

The Conservative approach was to return the responsibility and the initiative where it belonged to the management and workers in the business itself. It might take some time to achieve this but it must be done if they were to release the full potential in Britain.

The fourth element in the strategy was that the Government had to set the right economic framework. It had reduced the basic and higher level of income

tax nearer to the level of the country's main competitors so that those who had talent and energy to create new business would do so in this country.

Those were the only policies that would succeed in the long run. The Government recognized that there were difficulties during the transition period and it was

The Government had done everything it could on the industry side to encourage overseas investment in the development of the

vestment in the development areas. It had introduced the concept of enterprise zones and they would bring real stimulus to some of the worst hit areas and provide the basis of future prosperity.

With the nine zones already announced the Government had promised another one, in the North. The Government had now

decided there should be two northern zones. One would be in Harlepool, Cleveland, and the other at South Kirkby, near Wakefield, in West Yorkshire.

The Opposition was advancing policies even more extreme than those they followed when in office. The Labour Party called for massive extra spending of

money which the country did not have, which it could not borrow, and which would force it to print. This policy would lead Britain back to the hands of the IMF.

Wage settlements were moderating and inflation was coming down without controls on prices or incomes. They now had the chance to move into expansion without these inhibits, discrimination

The prize in prospect was the country trading with a stable currency, making better use of its manpower. This would be imperilled if they resorted to import, capital exchange and socialist controls. It would also be imperilled by massive increases in

When the wealth-creating conditions in the economy were right, together with confidence about value of money, and realism in wage bargaining, wealth would be created. This wealth would be spent and would provide the jobs. (Conservative cheers)

oot
for not being prepared to say how
high unemployment was to go, or
how long they were to continue
with the policies which helped to

There was no doubt that the unemployment situation was the most serious of the century.

Instead of cutting public expenditure the Government should increase spending and expand public

Instead of standing by while foreign producers took an increasing share of the British market, it

Instead of withdrawing industrial support in many regions, it should help industry to modernize and create jobs.

Instead of reducing aid to the depressed areas, it should subsidize the creation of jobs of those areas. It should pour more money into ensuring people were properly

It all came back to Mrs Thatcher. More and more of her followers and even some associates in the Cabinet revolted against the policy she was seeking to impose on them and the country. She had already won her niche in history. She was the Prime Minister of mass unemployment.

Steel

ould be flowing not into the British industry but across the frontiers to help finance firms and businesses abroad that would compete with Britain even more vigorously in future.

Mr John Biffen, Secretary of State for Trade (Oswestry, C), said the House should be under no illusion, that the siren voices that would be incessantly heard, would be those

They would be the ones from banking citadels in the City but using a Limehouse accommodation address which would be trying to persuade everyone that there were easy and relatively painless solutions to what they knew to be inherently intractable problems.

touch with reality as evidenced from the CBI data bank showed in the private sector they dropped from an average of 16 per cent in July last to about 10 per cent in October and into single figures in November and December.

There were factors which gave cause for measured optimism about the point at which the re-

It was a nonsense and a travesty suggest that the Treasury had pursued their policies with a zealous ideology which was imperious to compromise. The monetary and fiscal policy of the Government from the outset was always modest and gradualist.

The Opposition amendment was rejected by 309 votes to 240 — government majority, 69, and the

Parliamentary notices
House of Commons
Today at 9.30: Private Members' Business
Freedom of Information Bill and Smaller
Business; Ministerial and Other
Business; Bill second readings.

The Trials of Alger Hiss Riverside Studios

Aleksandr Kaidanovsky as Stalker (left), Nikolai Grinko as The Professor, Anatoli Solonitsin as The Writer

Stylistically the film remains unsurpassable. Thirty years before the West, *Mangaichin* invented a cutting-in style of moving picture sawsaw. Some of his shots last for eight or 10 minutes, the dramatic pointing achieved not by the traditional forms of montage but by the subtle and exact movement and placing of the camera. His travelling shots—as he follows an amikano's conversation or Kikunosuke's panicky search up and down a mountain—main—are still models of technique.

He is not bound by one style, however. To provide contrast

It is also very much like a young West German tourist in search of Naples, with its exotic temperament and colour in search of the nostalgia of Italian neo-realist pictures, and the film is on the political level a Communist. The film is ambitious (not to say very long) panorama of Italian history, as reflected in an improbably wretched and oppressed slum community, between the years 1870 and 1970. The parents and two children of the Pagano family embody social-political conflicts: Church and radical socialism; Communism and the American capitalist dream. The film is not realistic, but persists in the various dramatic death scenes and decorative

The Formula is the sort of thing they do in Hollywood: rash expenditure of money and talent (Marion Brando reportedly received three million dollars for three scenes) without anyone apparently able to get right such elementary things as making story, script or characters comprehensible and logical. The director, John G. Avildsen, and the writers, Steve Shagan, both, allegedly

It would be more advisable to see one of the special afternoon screenings of *The Trials of Alger Hiss* at Riverside Studios tomorrow and on Sunday and on February 21 and 28. The 168-minute documentary meticulously investigates the espionage and perjury cases on which Richard Nixon climbed to national prominence. It is the first film of John Lowenthal, a lawyer with the Cold War Institute, who has attended sessions of the Hiss trials. Lowenthal assembles contemporary newstreels and news interviews with surviving participants, and the film includes appearances by the former President Nixon and Alger Hiss himself.

David Robinson

Because he so comprehensively wrote the dominant psychic and social crises of western culture for his age, Joyce has become part of the syllabus, despite himself. Doubtless he would have resented this, not

W. J. McCormack

The New York Shakespeare Festival production of the musical *I'm Getting My Act Together and Taking it on the Road* opens at the Apollo Theatre on March 31 (preview from March 26). The show has book and lyrics by Gretchen Cryer and music by Nancy Ford, and is directed by Worth Baker. Diane Langton and Ben Cross lead the cast. It opened in New York in May, 1978, and is still running there; it is also running in Chicago, Los Angeles and Melbourne.

The RSC production is a performance scored with rich vocal colouring. Mr Rees swoops up and down a scale of comedy and feeling, whether drunkenly telephoning the Kremlin, putting a pistol to his heart or reclining in a coffin. Susan Tracy as his wife has kaleidoscopic shifts of expression, moving instantaneously from grief to sudden delight in her funeral hat and

The rumbling authority of Lila Kaye as her mother has just the right touch of a whine. It looks as good as it sounds, with Kit Surveys's jagged line of grey doorway set off by the spinsters of grey brick. The doors open like so many surprise packages, to display colourful characters, extravagantly played in the best RSCY tradition. Circling in on RSCY, along with the self-declared representative of the intelligentsia played by Edward Petherbridge, is the ethereal beauty, Emily Richard, competing with the blatant slur of Shirley King for the favour of a suicide note. They work the rich mine of Erdman's satire for something well beyond a joke at the expense of the Soviet Union. It is rich as well in humanity:

made more of the first movement, rambling between salons and countryside, and also of the final fast rondo, which needed more bite. However, Mr Holmes, and David Wilde, his accompanist, did score in the slow movement, a beautiful piece of introspection in repose.

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SPORT

Cricket

Fast bowlers' length and line save day for West Indies

From John Woodcock
Cricket Correspondent
Port of Spain, Feb 5

Even taking into account their shortage of practice, especially against fast bowling, England are unlikely to have a much better chance of beating West Indies than they had yesterday whether in a one-day international or a five-day Test match. The pitch was of more use to England spinners than to their fast bowlers, and West Indies were without Richards, who is such a substantial part of their batting.

The West Indians gave every credit for sticking at it after being bowled out for 127 and seeing England get to within fewer than 50 runs of winning with six wickets in hand. Almost always, it seems, one of their four fast bowlers has an on-day. This time it was Croft, with the remarkable figure of six wickets for 15 runs, 10 of these runs coming in the sixth of his nine overs.

It was not that Croft was especially fast. On that pitch no one was; but bowling as he does from so wide of the crease, he allows the batsman little respite, usually slanting the ball in at them and occasionally making one straighten off the pitch from leg to off.

And of the least playable balls I ever saw was bowled by Croft in the last over of a Test match in Brisbane on a perfect batting

pitch and with Chappell well past his hundred. Bowlers from somewhere near the return crease pitched on Chappell's middle stump and hit the off, having moved in at him in the air. There is no playing these—and Batsworth got one yesterday of much the same breed.

I happen to think that Croft gets away with a lot of no-balls, not on the front foot but by breaking the return crease with his back foot; but that is for the umpires to decide. No-balls swung the balance yesterday: West Indies bowled more, England bowled four, and West Indies were the most likely to find another pitch like yesterday's. Although the square at the Queen's Park Oval has been level, there was apparently no knowing it from the way it played in last weekend's Shell Shield match between Barbados and Guyana.

Assuming it is as slow as ever, and scarcely more durable, it may provide England with their best chance of beating West Indies out of the West Indies. In a low-scoring match, the awful slowness with which West Indies bowlers overers would also be a least offensive play. As ever, and scarcely more durable, it may provide England with their best chance of beating West Indies out of the West Indies. In a low-scoring match, the awful slowness with which West Indies bowlers overers would also be a least offensive play.

We left behind in St Vincent this morning a people still reeling, in more senses than one, from the excitement of yesterday's finish.

The result made a lot of them ungovernably happy. I had not seen the return cricket, it was at the airport that when he went in yesterday with five runs needed for an English victory, he was playing his first innings of the tour. However, it is indicative of one of England's present problems, it does not follow, unfortunately, that in five or six weeks time holding an company will be being taken care of.

The signs yesterday were not all bad. England fielded as though they have been practising hard; in his first five overs Old conceded 12 runs and lost two wickets, both straight drives for four by Haynes; Stevenson had a useful day, and Embury and Willey bowled well. Willey surprisingly, however, did not bowl a single over. Botham played just the innings demanded of him after a start of 15 for four, though he will blame himself for not having stayed to see England home, and more specifically perhaps for having allowed Kallischaran, with gentle to bowl 10 overs for only 25 runs.

Botham's frustration at being unable to get after Kallischaran—this was his last over—was evident when he struck a painful blow for foot by holding was evident when, in a moment of madness, he attempted a backhanded sweep. Gower showed that he is learning to accept the responsibilities that go with being England's No 4. This time Gower was the one to get himself out, chasing one of the few over-pitched balls that came the batsman's way. The length and line of the West Indian bowlers, as much as their speed, saved them the day.

Chappell undecided

Sydney, Feb 5.—Greg Chappell, the Australian cricket captain, said today that he had not yet made up his mind whether to tour England later this year. Chappell was commenting on a Sydney newspaper report that he had told close friends he would not be available.—Reuter.

Rugby Union



Jeavons: a strapping newcomer to the England squad.

England selectors may give Cooke a second chance

By Peter West
Rugby Correspondent

England selectors assembled this weekend to choose their side for the Calcutta Cup match against Scotland at Twickenham on February 21, they must make at least one change at loose-head prop, because of Fran Cotton's retirement. They may also drop some length forwards to dispose their resources at loose forward in order to achieve a greater physical presence at the lineout.

The second requirement throws into sharper focus the addition of Nick Jeavons, of Moseley, to the 30-strong national squad; and we might find him winning a first cap when the team is announced on Monday morning. He stands 6ft 4in, has a powerful build, and is a man of his scrapping physique. No doubt the selectors thought that one more player, who was enough to throw into the Cardiff cauldron against Wales. They had the option to play Mike Rafter, a scrum-half, or directly to open-side flanker but decided instead to have the Bristol flanker on the blind side.

A match which proved difficult for the England loose forwards in this arrangement worked well enough in defensive terms; but it was not clear that they were enough to throw into the Cardiff cauldron against Wales. They had the option to play Mike Rafter, a scrum-half, or directly to open-side flanker but decided instead to have the Bristol flanker on the blind side.

When Roland Bertram plays against Ireland in Dublin tomorrow he will be playing in the first of his three appearances for England. Bertram, a scrum-half, was selected to replace the injured Mike Rafter, who is expected to return to the team after a short period in Cardiff before the team flies to Edinburgh.

Davies, the Cardiff stand-off, has been recalled to the team after a period in Cardiff before the team flies to Edinburgh. Davies, the Cardiff stand-off, has been recalled to the team after a period in Cardiff before the team flies to Edinburgh.

There was good news for Scotland, too, because their flanker, Jim Calder, confirmed his recovery from a severe knee injury by scoring a try for his club, the Glasgow Warriors, in a match against Edinburgh on Sunday.

The Ireland coach, Tom Kiernan, said that his team had a gruelling two-hour practice. Particular emphasis was laid on scrummaging Phil Orr, a prop, who has been troubled by an injury to his right knee. The left wing, who has had a calf muscle injury, were both passed fit and will take their places against France at Lansdowne Road, John O'Driscoll, the London Irish skipper, will fly back from his tour of the United States.

Blackheath at Sunbury on Sunday. Burgess accepted. The Burgess Report on English rugby's future has been accepted in principle by Bristol, Peter Jones, who is expected to return to the team after a short period in Cardiff before the team flies to Edinburgh.

For the record. ATHLETICS. Indoor meeting (Italy) 100m: 11.2sec; 200m: 24.1sec; 400m: 1.01min; 800m: 2.11min; 1600m: 4.41min; 3200m: 9.11min; 6400m: 18.11min; 12800m: 36.11min; 25600m: 72.11min; 51200m: 144.11min; 102400m: 288.11min; 204800m: 576.11min; 409600m: 1152.11min; 819200m: 2304.11min; 1638400m: 4608.11min; 3276800m: 9216.11min; 6553600m: 18432.11min; 13107200m: 36864.11min; 26214400m: 73728.11min; 52428800m: 147456.11min; 104857600m: 294912.11min; 209715200m: 589824.11min; 419430400m: 1179648.11min; 838860800m: 2359296.11min; 1677721600m: 4718592.11min; 3355443200m: 9437184.11min; 6710886400m: 18874368.11min; 13421772800m: 37748736.11min; 26843545600m: 75497472.11min; 53687091200m: 150994944.11min; 107374182400m: 301989888.11min; 214748364800m: 603979776.11min; 429496729600m: 1207959552.11min; 858993459200m: 2415919104.11min; 1717986918400m: 4831838208.11min; 3435973836800m: 9663676416.11min; 6871947673600m: 19327352832.11min; 13743895347200m: 38654705664.11min; 27487790694400m: 77309411328.11min; 54975581388800m: 154618822656.11min; 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Shirley Williams on Britain's vital role in the EEC

Why we must not retreat from Europe

The Common Agricultural Policy in its present absurdly expensive form has soured the attitude of the British public to the European Community but it is not the only reason why Britain has been at best a reluctant partner in the Community. It is easy for Britain to underestimate the greatest achievement of the Community's creators, to make another civil war between Western European countries unthinkable. Furthermore, the timing of Britain's entry into the Community could hardly have been more unfortunate.

Britain joined in the very year, 1973, that Western economic prospects began to darken. The Community has been held responsible for rising inflation, deepening recession and the other economic disasters of these past seven years, often quite unjustly. Certainly the Common Agricultural Policy contributed to higher food prices, but its contribution was much less significant than other factors such as increased energy costs. Between 1973 and 1980, the CAP added about 9 per cent to food prices which rose by nearly 200 per cent overall.

There is another reason, however, and it is an ironic one. Britain seems to have deliberately made the least possible use of the opportunities offered to her by the Community. The British citizen receives only half as much Community spending per head as the average Community citizen. This was due partly to lack of knowledge among local authorities and others entitled to claim help about the opportunities available, though they are now better informed, and partly to the British Government's unwillingness to stump up its share of social and regional expenditure.

Nor has Britain shown much interest in reforms that might

Shirley Williams: the Community is the only political entity in the world strong enough to make the superpowers take multilateral disarmament seriously...

have been expected to attract the attention of Socialists if not of Conservatives—for example the fifth directive on industrial democracy which requires that workpeople be represented on the boards of conduct for multinational companies which requires that employees should be given much more information about the conduct, plans and financial conditions of the companies concerned. The Commission has also pressed for equal pay and equal working conditions for men and women. Under the Lomé convention which includes the associated countries in Africa and the Caribbean, the Community has undertaken to stabilize the incomes of primary producers. Socialists might be expected to support such measures, but most Socialist members of the European Parliament do so. But the British ones get little encouragement from Westminster or from the Labour Party. The Community has much more weight in international negotiations on commerce and trade than any of its individual members, and it could have considerable political



weight as well. The first steps have been taken to establish a dialogue with the Arab states and even with the Palestine Liberation Organization to explore the chances of a lasting and peaceful settlement in the Middle East. If the Community realized the potential in being a 'coherent entity' in world affairs it could alter the forbidding prospects the world now faces. The Community could not bring about a trans-formation of the economic order on its own, but it could propose a plan based on the Brandt Commission. Such a plan might embody the idea

that a small percentage of each country's Gross National Product, perhaps 1 per cent should be earmarked for aid to the Third World. Until that step is taken, there will be neither a guarantee of continuity of funds nor a structure of redistribution of wealth on however modest a scale between nations as there is within nations. The European Community could also become a force for disarmament, and one that would seek peace, for in any major nuclear war its destruction would be certain. The only significant recent initiative towards peace that serious-

ly interested the Soviet Union was the visit by Helmut Schmidt, speaking on behalf of the Community, to Moscow in June 1980, which led to an agreement with President Brezhnev to discuss the possibility of a mutual withdrawal of medium-range nuclear weapons from Europe. Until the Soviet invasion of Afghanistan and the strikes in Poland, Germany's Ostpolitik had been notably successful in easing tensions along the border between the Soviet bloc and the Nato bloc. But Ostpolitik would not have been possible without the Federal Republic's membership of the

European Community. Any rapprochement with the German Democratic Republic would have aroused intense suspicion in West Germany as much as elsewhere, that the two German states were seeking to re-unite.

The Community is the only political entity in the world strong enough to make the superpowers take multilateral disarmament seriously. One argument for unilateral nuclear disarmament is that it would make the disarmed country a safer place, less likely to be attacked. It is surely clear that means would still need to be found to influence the superpowers towards peace, since any nuclear exchange between them would cause great destruction throughout the world. That is why the European Community's role in seeking détente in Europe and in pursuing arms limitation is more important for world peace than unilateral nuclear disarmament.

The next few years will bring about important internal changes in the European Community. Britain has an opportunity that will not recur to influence these changes so that the Community becomes more responsive to the needs of the people within it, as well as to the world outside. International tensions could be heightened by a right-wing American President surrounded by advisers who believe in a strong military posture, and by the strains of deciding upon a successor to Mr Brezhnev at a time of turbulence in eastern Europe. The Community is going to be badly needed as a force for peace and stability. For Britain to contemplate changes in it is sensible. But for Britain to withdraw would be to abdicate from responsibility at a dangerous time.

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Will Europe's Middle East initiative ever take off?

Brussels. Later this month Mr Christopher Van de Klauw, the Dutch Foreign Minister, and current president of the EEC's Council of Ministers, will set forth on a tour of 14 countries in the Middle East in search of a peace-making role for the Community which has so far shown all the elusive substance of a desert mirage.

It was last June in Venice that EEC heads of government issued their now famous declaration on the Middle East setting out the principles which they considered must form the basis of any lasting settlement between Arab and Jew.

This was to be followed by talks with all the countries concerned in the light of which the Nine, since grown to ten would determine the form which an initiative on their part could take. More than seven months later the shape of the promised initiative remains indistinct to say the least.

The first diplomatic soundings were conducted last August and September by Mr Gaston Thorn, now President of the European Commission, but at that time still Foreign Minister of Luxembourg. Mr van der Klauw will be seeking more detailed reactions to the theoretical work the EEC has done in the meantime on approaches to a peace settlement.

What the Ten still have to show is whether, beyond ingenious theoretical solutions, they have anything concrete to contribute. European criticism of the shortcomings of the American-sponsored Camp David talks between Egypt and Israel may be entirely valid, but it has yet to be demonstrated that any other negotiating process would produce appreciably better results.

That was the constant if generally sotto voce complaint of the Americans under President Carter, and it is likely to be much amplified under President Reagan, particularly if new life is breathed into the moribund Camp David exercise. The Camp David concept of Palestinian autonomy within a framework determined by Egypt and Israel, and ultimately Jordan, might still lead nowhere in the end. But for a time it could well appear to be making progress, making the Community's efforts seem increasingly tangential and irrelevant.

In those circumstances the EEC could be faced with a choice of either accepting that there was nothing useful it could do (and thus losing all credibility in the Arab world) or else dissociating itself much more sharply than hitherto from American policy. The latter course might well appeal to the French, but the British certainly. The Germans probably would see little to be gained from an open breach with Washington.

The two main points of disagreement are the Europeans' insistence that the Palestine Liberation Organization (PLO) must be associated with the peace negotiations, and that the Palestinian people as a whole must be able to exercise the right of 'self-determination', which is taken to mean the right to a separate state.

On the first, the Americans take the view that it is simply not realistic to expect an Israeli government, of any political colour, to treat with the PLO, which is seen in Israel as a terrorist organization bent on the destruction of the Jewish state.

On the second, the Americans do not find the introduction of the concept of self-determination helpful at this stage since it appears to preclude more ambiguous solutions, such as joint Israeli-Jordanian custodianship of the West Bank, which Mr Peres is known to favour and which they appear to think they might be able to talk an admittedly unenthusiastic King Hussein into accepting.

The basis for Mr van der Klauw's talks with Arab and Israeli leaders as he travels through the Middle East will be a confidential document setting out a range of options with four main headings: Israeli withdrawal, self-determination, security guarantees and the status of Jerusalem. His task will be to try to identify those offering the most possibilities for compromise.

The starting-point, in the EEC's view, must be a phased withdrawal by Israel over two years from the occupied territories of the West Bank, the Gaza Strip, the Golan Heights and the West Bank, security being maintained by an international force under United Nations control.

The EEC accepts that full Palestinian independence would have to be preceded by some kind of transitional arrangement—possibly administrative autonomy under international supervision. But the Community's ideas are still vague.

The range of suggestions for the status of Jerusalem include internationalization (either of the whole city or only the old quarter containing the holy places), partition, an Arab-Israeli condominium and a joint municipality run by locally elected representatives.

Under the security heading, Mr van der Klauw will invite suggestions on the demarcation of demilitarized zones, limiting the size of armed forces, and the role that the EEC might play in helping to provide international guarantees of mutually recognized borders.

Michael Hornsby



Geoffrey Smith

Taking a turn for the better

The search for the middle ground has suddenly become fashionable again in British politics. Since the last election the battle between the parties has seemed to be a contest between the ideologues on both sides. But now the rise of the social democrats is changing the picture. Already the threat of a split in his party has forced Mr Michael Foot perhaps to modify and certainly to equivocate on some of his policies, and the natural electoral tactic for Labour will be to take further steps back towards the middle in order to cut the ground from under the new party once it is formed.

A frisson of anxiety is evident in the Conservative ranks as well. Ronald Butt argued on this page yesterday that they really have little to fear from the social democrats. That may be so. Certainly the Tories have no reason to be alarmed by the prospect of tactical voting by former supporters of theirs in favour of a social democrat in what are now Labour constituencies. And if there is to be an electoral pact with the Liberals, which the social democrats clearly want, they will have to stand down in favour of a Liberal candidate in many of the most vulnerable Conservative marginals in southern England.

Yet it is undeniable that the Conservatives do see a threat from the social democrats. Why else should

that acute tactician, the chairman of the party, Lord Thorneycroft, have been telling the House of Lords on Wednesday how proud and happy he was to see the party securely placed on the "broad central ground of politics today"? We even had a scathing reference in passing to "rabid monetarists". That hardly sounded like the doctrine according to Sir Keith Joseph.

If the Conservatives are to clamber back on to the middle ground, how should they set about it? It is more a matter of style than of substance. Mrs Thatcher has been so busy proclaiming that "the lady's not for turning" that many people have not appreciated just how pragmatic this Government has become. The Prime Minister's television interview with Mr Brian Walden on *Weekend World* last Sunday was a case in point. The stock market picked up the hint of a possible further cut in interest rates, even though the money supply is not yet under control. But most reports of that interview concentrated on her determination not to renege: "This is just the time when we have to stay on course and say, we are a government that's set out to do long-term things."

In other words, on specifics she indicated that she was pragmatic, but the general impression conveyed was one of unwavering fidelity of purpose. There have been quite a few other specifics where the Government has been pragmatic. There is the money

poured out for British Leyland and all people unable to give an assurance in the Commons last week that this would be the last payment to BL.

Largely because of these demands from publicly owned industry the Government has been unable to cut public expenditure as it had intended: the plans left behind by Labour have been reduced, but not the absolute level of spending. A half share in British Aerospace is now to be sold off to private investors, but there is no sign yet that the role of the public sector in the British economy will be of less consequence by the next election than it was at the last.

There is now an incomes policy of a kind in the public sector, though not in the private sector. The Government's essays in the contentious field of trade union law reform have been moderate. The public sector borrowing requirement is well above target, and the money supply is out of control according to the government's own most favoured indicator. M3, though ministerial preference for that indicator has been modified by its continued refusal to give the expected answers. This last instance is, though, an example only of accidental pragmatism since the last thing the Government intended was to let the money supply rise as it has.

On the whole, this Government has been nearly as pragmatic in its deeds as any administration would have

been in this period. No government would have been able to have a fully fledged incomes policy, even if it had wanted one, following the collapse of the Callaghan experiment. Any government would have been forced to cut back public spending in the present economic climate. Another government would have pursued a different tax policy, though it is unlikely that any administration would have refrained seriously with high, even if diminishing, inflation in an international recession.

It is just possible that a Labour government would have followed the alternative strategy of determined retrenchment in an economy protected by controls, but not Mr Callaghan and his colleagues if they had been re-elected in 1973.

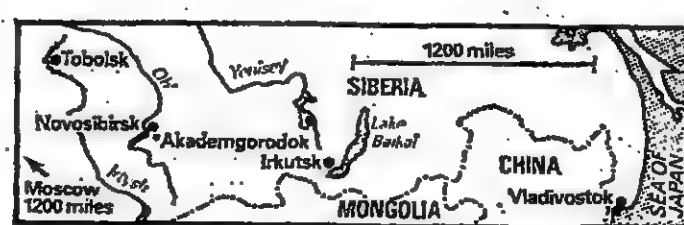
The real distinction is that the present Government is not pragmatic in its rhetoric. Whereas Lord Thorneycroft was glorifying on Wednesday in the aid to BL as evidence that the Conservatives occupied the centre ground, Mrs Thatcher spoke of it on Sunday as a decision that was "very, very difficult indeed". She is not able to take pride in the pragmatism of her administration for the simple reason that she is not proud of it. It has amounted to a series of concessions wrung from her by the pressure of events and her colleagues. To do it in them would encourage them to do it again and weaken resistance to events in the future.

Yet if the Conservatives feel that it is necessary to head off the social democrats by returning to the middle ground, they will have to adopt the rhetoric as well as the policies of pragmatism. Lord Thorneycroft was pointing the way. When they are forced into actions that offend their doctrine they will have to rejoice in them as evidence that they are not bound by dogma. They must present cuts in public expenditure as a regrettably necessary not a healthy discipline. Unemployment must never be described as a calamity, never as the application of an economic theory.

There are signs that Mrs Thatcher is trying to observe these rules, for some of the time at least. But the general impression she creates is invigorating or provoking, according to one's judgment—never reassuring. Yet the middle ground belongs to those who can reassure. I do not share the view of those who believe that Mrs Thatcher will be ditched by her party before the next election. But it is undeniable that she is not the best person to represent a comforting Conservatism, if that is what they decide to present to the country.

In the Children's Books feature on Wednesday, the address for the Penguin Book Club enquiries was incorrectly given. It is: 536 King's Road, London W10.

SIBERIAN DIARY



Siberia—the very name inspires awe and dread. Both to the Russian and to the foreigner it conjures up a vast frozen wasteland, a place of exile and punishment, a remote region of endless winter. But to today's planners and economists it has become the key to mean the Russian El Dorado—a land of boundless natural wealth, a vast unexploited reserve of gold, coal, iron ore and almost every natural resource needed for the future development of the Soviet Union.

What lies beneath the permafrost could make the Soviet Union the richest country in the world. It is the challenge of how to exploit this potential that still inspires awe. For years Siberia has been isolated, challenging man with its harshness and vastness, and there is still a harsh, tough frontier spirit among those who live in a region that covers more than six million square miles. The Siberians are proud of their endurance: "A hundred kilometres is no distance. Minus 40 degrees is no frost", they say.

It was, of course, the railway that opened up this mysterious land to the modern world, and led directly to the founding of today's unofficial capital of the whole region. In 1893 the Russian engineers building the Trans-Siberian railway came to the mighty River Ob, the fourth largest in the world. They built a bridge across the river and on its east bank a station and a town, which was named Novonikolayevsk in honour of the new Tsar Nicholas II. Eighty-eight years later the town has become a city of almost a million and a half, split over to the other bank of the Ob, and has a post-revolutionary name—Novosibirsk.

Though farther from Moscow than London is, Novosibirsk is still considerably less than halfway along the Trans-Siberian railway from the Soviet capital to Vladivostok. The busy, modern city belies

the popular image of Siberia as a land of forest and taiga, mosquitoes and fireflies, salt mines and labour camps. The original wooden houses are almost all gone, and the remaining few threatened with the bulldozer. Novosibirsk today is a city of trains and trolley-buses, broad tree-lined boulevards, parks, squares and modern blocks of flats. By Soviet standards it would do credit to European cities. To the west, the Ural mountains and you have the curious feeling that after all that travelling you have really gone no distance at all from Moscow. Its inhabitants often compare it to Chicago—"but we grew faster", they boast.

Novosibirsk was too far from the wartime front to suffer attack, but 30,000 people went off to fight and did not come back.

The only real fighting there went on during the civil war, when the city was occupied by the White army of Admiral Kolchak and then retaken by the Reds during that confusing campaign fought almost entirely up and down the Trans-Siberian railway. There is, of course, an appropriate memorial to the Red martyrs butchered by the Whites, and the guides expect a suitably partisan reaction to their tales of White terror.

Siberia is crucial to the Soviet Union's economic future, and Novosibirsk, as the capital, plays a central role. Though younger by some 200 years than other towns like Irkutsk and Tobolsk, Novosibirsk has easily outstripped them all. It lies in rich farming land and is also an impor-

tant industrial and transport centre. A train passes through the station once every four minutes. Ships carry goods more than 1,000 miles down the Ob—to the towns and regions of the north.

But the real key to Siberian development lies 20 miles to the south amid, picturesque birch groves, Akademgorodok, a purpose-built town to house hundreds of the country's most illustrious brains. Here scientists and economists, under the aegis of the important Siberian branch of the Soviet Academy of Sciences, mastermind the future of the Siberian virgin lands, test the colossal development projects and draw up plans for the building of a second Trans-Siberian railway now being built—or the reversal of the Siberian rivers to flow back down to the deserts of central Asia—plans that will probably remain for ever on the shelf.

Some of the steam has gone out of the place as the brightest and best were enticed back to Moscow to enter top jobs, and those remaining simply stayed on and grew older. The noted liberalism was curbed, some of the clubs were closed down and the experimental feel to the place gave way to institutionalism.

Even the Akademgorodok still has a pleasant campus atmosphere. The local restaurant is rather like a faculty club, the schools

educate some of the brightest children in the region, most of the researchers have been abroad, and there is a curious sense that this small township, buried in the snow thousands of miles from the old centres of west European culture, is more closely in touch with what is going on in New York, Paris or London than most other places in Russia.

Certainly culture has a good shovelled back in Novosibirsk, an immense open house, built during the war in lavish classical style, can seat 2,000 people and boasts one of the better ballet companies in the Soviet Union. The art treasures were evacuated there from Moscow during the war. There is not much to see in the way of old churches, however—only a couple of wooden Russian Orthodox churches built before the revolution in sybaritic and Baptist prayer house style. The guide seemed rather proud of the fact: "Novosibirsk is a city of youth, a city of atheists", she proclaimed.

Technically Siberia is a short of the region bordering the Pacific coast, which are known as the Soviet Far East, though most foreigners think of it extending from the Urals all the way to the sea. Foreigners are increasingly common in Siberia as tourists there gets going, but so far only five cities are open for package tourists as much of Siberia is either inaccessible or closed to foreigners for security reasons. But though Siberia is still very Russian (Novosibirsk's population is 95 per cent Russian, and virtually none of the Soviet Muslim population from Central Asia have emigrated north), it is so vast, so still and so strange—rather like a desert—that it is impressive even to one used to the Russian scale of distances.

As the Russian proverb says: "In Siberia the winter lasts 12 months, the rest is summer."

Michael Binyon

The Chemical Industry

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LETTERS TO THE EDITOR

Exerting pressure on Russia

From Mr Cyril D. Townsend, MP for Bexleyheath (Conservative)

Sir, Sir Richard Dobson (January 24) suggests that the recent visit to Moscow by officials of the Department of Trade (not a trade mission in the normal sense of the term) is a sign that Britain has abandoned all the economic measures taken against the Soviet Union in disapproval of the invasion of Afghanistan. This seems to be wide of the mark.

Three specific measures were announced by the Government in January of last year. The credit agreement with the Soviet Government, which made available large amounts of credit at unreasonably favourable rates of interest, was not renewed when it expired in February, 1980. It has not been. The application of the rules of exporting strategic and sensitive technology to the Soviet Union was to be tightened. It has been. And the European Community decided not to replace on the Soviet market agricultural products withheld by the United States.

Although that decision has not been implemented as rigorously as some of us would like, it has meant that the Russians have not been able to buy all the grain they needed. Where is the change of course in all this?

When these measures were announced, the Government said that normal trade with the Russians should be pursued on the basis of mutual advantage. Those who do business with state trading countries keep these arrangements in working order. The Government's policy of facilitating trade and are essential if our exporters are not to lose out to their competitors in other countries.

As I understand it, the recent visit to Moscow was designed to keep these arrangements in working order. I do not see this as "creeping back, again, looking for business": we have been looking for business all along, but within the constraints imposed by the measures on credits, technology, and grain.

The extent of British moral support for the Afghan resistance, expressed through the Government's attitude to British participation in the Olympic and the continuing embargo on sporting and cultural events, as well as by means of these economic measures, does not therefore seem to me to have lessened over the past year, much less been withdrawn.

Yours faithfully,
CYRIL D. TOWNSEND,
Member of Parliament,
February 2.

Soviet aims

From Mr Brian Thomas

Sir, Considering the controversial record of the Soviet Union in foreign policy, it is rather surprising that at his first press conference on 22 January, President Reagan chose to attack it in the area where it is least vulnerable.

He stated that since the Russian Revolution there had been no Soviet leader who had not repeated the same mistakes. He said that the Soviet Union must be the promoter of world revolution and the one world socialist or communist state.

Certainly Lenin said something very like this on August 2, 1919, two years before he took power, but since then Soviet leaders have been remarkably consistent in asserting the opposite. It was Stalin, for example, who on March 1, 1936, made the statement which must have been regarded as definitive, since it was repeated by Malenkov at the nineteenth party congress some 16 years later: while variations of the same theme were made many times by Khrushchev, and more recently in Chapter 4 of the New (1977) Soviet Constitution.

We Marxists believe that a revolution will also take place in other countries. But it will take place only when the revolutionaries in those countries think it possible or necessary. The export of revolution is nonsense. Every country will make its own revolution if it wants it, and we do not want to there will be no revolution.

Until President Reagan spoke, the debate has tended to be about words. It is curious that it is now the words themselves which are in dispute.

Yours faithfully,
BRIAN THOMAS,
Hutter and
Sutton, Romsey,
Bentley, Hampshire,
February 2.

Canadian sovereignty

From Mr Lawrence Wilson

Sir, The matter is simpler than commentators have supposed. When Westminster parliamentarians consider Mr Trudeau's Bill they will not be a United Kingdom legislature dealing with Canada's internal affairs. They will be a Canadian legislature (one of 12 with which Canada is now blessed, each with its distinctive and limited powers).

If this were not so, Britain would indeed be dealing with Canada's affairs, and Canada would not be a sovereign state, as it is internationally recognised to be. It has always been so. When the first British North America Act was passed at Westminster it was done there because Westminster was the supreme legislature for British North America, not because it was the legislature for the United Kingdom.

Mrs Thatcher and her Cabinet colleagues would be guilty of interference if they were to offer any opinion about the merits of Mr Trudeau's Bill, for it is not the concern of the United Kingdom or its Government.

But Sir Anthony Kershaw and his fellow parliamentarians (report, January 31) will be doing their duty as honorary Canadians whether they pass, reject or amend Mr Trudeau's Bill, provided they do so in what they conscientiously believe to be the best interests of the Canadian people who entrusted them with that duty.

Yours faithfully,
L. WILSON,
The Manor,
Grendon Underwood,
Aylesbury,
February 1.

Liberal questions on a centre alliance

From Mr William Wallace

Sir, As a Liberal favourably inclined to the principle of cooperation with social-democratic defectors from Labour I watched the pronouncements of their leaders over their first week with a sense of deepening despair. The CSD (Council for Social Democracy) appear inexcusably ignorant about the Liberal Party and about Liberal policy, naively optimistic about the problems of establishing a new political movement, and unjustifiably complacent about the prospects of concluding an electoral agreement satisfactory to themselves in the absence of prior consultations on policy priorities and some experience of successful collaboration at Westminster.

To judge from the current social-democratic euphoria one might believe that the realignment of the left was a new and noble idea, needing only a band of enthusiasts to march round the walls of Westminster in order for the two-party system to tumble tumbling down. In reality, the issue is 20 years old: Liberals have learned from the bitter experience of those years—and from the recurrent waverings of social democrats—that a few Labour defectors and a much more favourable publicity do not provide a substitute for established local activity and a consistent programme of policies.

The Liberal "revival" of 1961-63 would have been a great many mistakes which contributed to its collapse in 1964. Since then we have painfully and slowly built up a mass party, with the resilience to withstand such adverse swings of opinion as the general election of 1979. We are not particularly disposed to hand what we have achieved over to a group which has initially displayed more concern with personalities and parliamentary manoeuvres than with the substance of a certain programme in its own right, and to "its" place in the political spectrum.

I would recommend a little more humility, and realism, to the

leaders of the CSD, if they seriously intend to try for the cooperation with the Liberals which most public commentators and opinion polls assume to be the only way to reach a breakthrough at the next general election—only three years away. Yours faithfully,
WILLIAM WALLACE,
49 St James's Drive,
Wandsworth Common, SW17.

From Mr Tom Cross

Sir, May I through your columns suggest an answer to the problems of the moderates in the Labour Party in its present mood, and the establishment of a soundly-based centre party, which I believe the country needs if we are to avoid extremism?

The Co-operative Party, which still has a separate identity, will not, I believe, wish to continue its long-standing alliance with a Labour Party set on a corporatist, undemocratic course. Those who recall the compassion and rugged independence of the middle pioneers of the Co-operative Movement, the quality and tone of its fine newspaper, *Reynolds News*, and the reputation for decent, straightforward dealing enjoyed by the Co-operative societies of today, will see in it an excellent vehicle for a social democratic party with clear economic and moral objectives which the electorate can recognize and, if it chooses, support.

I make the suggestion with no disrespect or lack of regard for the Liberal Party as the alternative. It is my view, however, that the difficult, diffuse concept of Liberalism is not understood by the electorate, and that when they do give it their vote, do so largely from a motive of protest rather than conviction.

The principle of cooperation would, on the other hand, embody most of the aims of Liberals and be a reasonable platform for a social democratic party seeking to be an alternative government.

Yours truly,
TOM CROSS,
19 Higher Heyes Drive,
Kingsley, Warrington, Cheshire.

Hostages agreement

From Mr J. G. Merrills

Sir, Mr Merrills, to justify a possible American renunciation of the agreement with Iran, Mr Harding (January 30) exhibits both a basic misunderstanding of the international law of treaties and an alarmingly superficial view of the interests of the new Administration.

As far as international law is concerned, it is clear from article 62(1)(b) of the 1969 Vienna Convention on the Law of Treaties that a change of circumstances can only be invoked if the effect of the change is to transform the extent of obligations still to be performed under the treaty. It is difficult to see how recent revelations concerning the ill-treatment of the hostages could be said to have this effect, nor how such behaviour could be said to constitute a material breach of the release agreement within article 60 of the same convention.

In connection with both articles it must also be pointed out that the right to withdraw from a treaty depends not on whether one party "feels" that the provision in question provides such a justification, as Mr Harding asserts, but on the very different criterion of whether on the facts such a justification actually exists.

Although there is therefore no substance in arguments based on article 60 and 62 of the convention, the United States would in my view be entitled to maintain that the hostages agreement was void for duress within the meaning of article 52 of the convention.

It does not follow, however, that repudiation of the agreement would be a politically sensible action at the present time. Apart from the obvious point that the hostages are Iranian property, so that repudiating the agreement could in itself provide no justification for their continued retention, it was Iran's

obsession with punishment and revenge that produced the hostages crisis in the first place. It therefore seems odd that those same impulses should be offered to President Reagan as a satisfactory foundation for American-Iranian relations in the future.

Yours faithfully,
J. G. MERRILLS,
Faculty of Law,
Crookmoor Building,
Conduit Road, Sheffield.

Artists' adviser

From the Chairman of the Arts Council of Great Britain

Sir, Mr Black and his distinguished co-signatories (January 31) omit to mention the most important fact about the Arts Council's funding of Artwork Services.

The council welcomed this imaginative idea from the start, and indeed I myself chaired the public meeting at which Artwork Services was launched. But it was always envisaged that the services would become self-financing within a year or two and they themselves initially asked the Arts Council for grant-aid for two years only subsequently extended to March, 1981. This was a major factor in the council's decision to fund a service which was well outside the normal scope of its activities.

Artwork succeeded perhaps even better than expected and, if it is still not self-financing, the reason must lie mainly in the level of charges made. Neither they nor the council could reasonably expect the service would depend on council funding beyond the initial years. We are, however, very happy to support their appeal for assistance from other sources to the extent that this continues to be necessary.

Yours faithfully,
KENNETH ROBINSON,
105 Piccadilly, W1,
February 2.

Future of 'The Times'

From Mr Keith Richardson

Sir, Unless a rescue operation goes through, *Times Newspapers* will cease to exist at the end of next month. Large numbers of loyal and long-serving employees, including myself, will be out of work. We have little chance of finding comparable employment in the present recession. The problem of how we are going to pay our rent and food bills is causing me, my family, and many of my friends and colleagues the most acute and urgent worry.

In this critical situation we have one firm chance of safety, in the deal with Rupert Murdoch. We are desperate and we are commonly recognized to be the most enterprising and successful newspaper man in Fleet Street today. Some of my colleagues might perhaps prefer another proprietor, but this is the only solid commitment. Everything else is speculation.

But now I hear that my colleagues on *The Sunday Times* have voted in effect to block the Murdoch bid by pressing for a reference to the

monopolies commission. This foreign correspondent, at least, was given no prior notification of such a controversial move, and no opportunity to come to London, attend the chapel meetings, or make his own views heard. From the perspective of the Continent, Europe it looks like yet another example of the death wish that in recent years seems to have taken a grip of the entire British economy and which is so utterly inexplicable to us French, German and Belgians whom I meet in my everyday work.

Even at this late hour, may I ask my colleagues to reflect again, and spare a thought for those journalists and editors who want to keep working for *Times Newspapers* and who still believe that with vigorous and imaginative leadership it could be made to flourish again?

Yours, etc.,
KEITH RICHARDSON,
(Sunday Times Common Market Editor),
7 Avenue des Tournesols,
Rhode, Belgium,
February 5.

City health care

From Mr Robert Davies

Sir, The British Medical Association's proposals for new incentives to improve family doctor services in inner cities (report, January 28) are only part of the response needed to tackle the growing problem of poor inner-city primary health care.

Our district forms the heart of the West End where local people can live cheek by jowl with doctors' surgeries yet, from our own survey evidence, find it almost impossible to register on a National Health Service list. Your report quoted the latest findings prepared for the Royal College of General Practitioners by our local GP, Dr Brian Jaxman, who shows how a small number of single-handed and aging GPs are defending the front line whilst others are restricting their NHS lists to an absolute minimum.

This is contrary to the best interests of patients and has become intolerable in this district.

Inner London, like other inner-

city areas, now requires a radical new approach to the provision of primary health care of which new incentives form only one component. My Community Health Council is pressing for two key measures. First, NHS resources must once again be earmarked for the development of inner-city health centres and primary health-care teams in areas with high rents and building costs. GP mortgage schemes are not viable.

Secondly, the Medical Practices Committee must at long last change its regulations on the numbers of GPs allowed to operate in an area: a GP with a minimum NHS list should not be counted as "one doctor" but "half a doctor", and the quota should be based on the population choosing to register in the area rather than the lower resident population.

Yours sincerely,
ROBERT DAVIES, Chairman,
Soho & Marylebone Community Health Council,
13 Ingestre Place, W1,
January 29.

Safeguards on historic buildings

From Mr Douglas B. Hague

Sir, In reply to the letter by Mr John Harris (February 2), I have encountered an understandable reluctance on the part of some country house owners to have photographs of furnished interiors taken for security reasons. Such photographs can show the existence and exact positions of pictures and other articles of value. As the files of the Royal Commissions and National Monuments Record are open to the public, they remain an open invitation to potential thieves.

Secondly, as regards Mr J. K. Bates's fair comment (February 2) on the City of Oxford inventory account of Wadham College Library: it is only fair to point out that when "the Commissions" set out on their daunting task in 1909, barely a nod was given to any post-medieval buildings or fixtures. It was some time before John Adam was "recognized", whilst now traineeships and gasworks are favoured with lyrical descriptions.

Thirdly, it is to be hoped that the important and sad letter by Arnold Taylor (January 31) will be widely read. During and long after Dr Taylor's stay in Wales many great buildings have benefited from his scholarship and enthusiasm; his love of them was passed down to the custodians of the most remote sites, who always received from him a kind word about the excellent condition of "their" monument.

Yours faithfully,
DOUGLAS B. HAGUE,
Maesglas,
Llanfawr,
Aberystwyth,
Dorset,
February 3.

From the Warden of Wadham College, Oxford

Sir, My college is concerned that inaccurate accounts have appeared in the press about alterations in the old library of the college (London Daily, January 8; letters, January 21, February 2). We acknowledge with regret that the college did not originally seek the relevant permission at the time, but there has been no vandalism.

Plain bookcases from the eighteenth, nineteenth and twentieth centuries were removed before we had listed building consent and some plain plaster also. The original Jacobean library was lost long ago. The college is producing detailed drawings of the library as it was until a few months ago, and our future plans are under discussion with the appropriate authorities.

Yours faithfully,
STUART HAMPSHIRE,
Wadham College,
Oxford,
January 31.

Voice from the past

From Dr J. H. Crook

Sir, Not only did RSM Britain have a superb parade ground voice but he also used it with devastating effect. While at Mons I sought to save myself some trouble by keeping an extra pair of boots, not however of the Army issue. They had soles rather than round toes and difference barely detectable even by myself.

Once the platoon was marching near the RSM. He stopped it for a quick and seemingly casual inspection. He let us go and not until the sergeant had marched us to the far end of the parade ground did that unforgettable voice come booming after us. "Sergeant—the third man in the back row has non-military boots on. Take his name!"

The splendour of the man is unforgettable and his kindness outside the parade ground situation much to be remembered.

Yours, etc.,
JOHN H. CROOK,
University of Bristol (Department of Psychology),
8-10 Berkeley Square, Bristol.

New coinage

From Mr Richard Trayer

Sir, While a facetious note has crept into one of the letters on this subject appearing in today's *Times* (January 30), one cannot help but agree with the admirable suggestions that some of our coins should have their distinctive and time-honoured names.

In a more serious vein, however, would it not now be opportune for a radical change in the value of our notes and coins to take place by the simple expedient of moving the decimal point one place to the left?

Both France and Germany—to mention only two—made such change in postwar years and with a measure of success. It cannot be denied, minor disadvantages might result but the half-penny coin is still with us and, on the whole, the advantages which would be gained would be too numerous to mention in this letter; manageability, in all its senses, of the currency would be spared the need to create a £1 coin.

I am, Sir, yours faithfully,
RICHARD TRAYER,
196 Oxford Street, W1,
January 30.

From Mr A. H. R. Christian

Sir, Alas! the pound note-postage stamp suggested by Mr Kemo in his letter today (January 30) will never be needed.

By extrapolating the increases in postal charges along with deterioration in performance, it can be shown that around the time that first-class postage reaches 90p, the service will have become non-existent.

Yours faithfully,
A. H. R. CHRISTIAN,
Paragon, Downs,
Dunmow, Essex,
January 30.

From Dr K. E. Machin

Sir, If Dr Mavris (February 3) is right, and the 50p piece is a regular heptagon, we must presumably attribute the bulging of its sides to inflation.

Yours faithfully,
K. E. MACHIN,
Queens' College,
Cambridge,
February 3.

TWO NATIONS; INDEXED AND NOT

All members of pension schemes in the public services are entitled to pensions that are fully protected against inflation. It is not only civil servants who come into this category, but a good many others including teachers, the police, the armed forces, local government employees and MPs. Hardly anyone in the private sector enjoys similar benefits. Some occupational schemes have in practice largely compensated their members even for the extremely high levels of inflation in recent years, but even in these schemes the members do not have the same advantage of certainty. The new state earnings-related pension will cover people in the private sector, but the full benefits will not be enjoyed by anyone retiring before 1998—and in any case it will relate only to that portion of income which is equal to average national earnings or less, and will not cover the self-employed.

So this country is becoming in effect two nations in retirement: those with public sector pensions who do not need to worry about inflation and the rest of us for whom it must be a constant anxiety. It is the inequity between these two groups which presents the problem that has been examined by Sir Bernard Scott and his committee, whose report was published yesterday. They rightly do not see any abuse in an index-linked pension

itself. Indeed, as a general principle it is highly desirable that the value of a pension with which a person goes into retirement should be preserved in real terms—provided that this is economically possible. But it is totally wrong that the benefit of this principle should be enjoyed in the public but not the private sector. That is both unjust and economically unhealthy because it gives a considerable additional advantage to employment in that sector on which the creation of wealth depends least.

There are three possible solutions to this dilemma. Public service employees can continue to enjoy this benefit, but be made to pay an economic price for it. The Scott report has some ideas on that score, but the difficulty about this approach is that it is impossible to fix the right price without knowing what the rate of inflation is going to be in future years. The Government Actuary may be right that the long-term rate will be no more than seven per cent, but most people will consider him an incorrigible optimist.

Another possibility would be simply to get rid of index-linking in the public sector on the ground that it gives too much of a good thing to too few. That would certainly be preferable to leaving things as they are. But it would not be an ideal solution because it would mean changing

the terms of employment of a considerable number of people. The best outcome would be if members of occupational schemes in the private sector could be given the same advantage. The obvious objection to that is that no private company can afford to give such an undertaking to its employees in an age of high and extremely variable inflation, especially at a time when profit margins have been dangerously squeezed.

The Scott report suggests a possible means of meeting this difficulty by making indexed bonds available on the market. Such bonds could be purchased by pension funds and by the self-employed, who at the moment face special difficulties over pension plans. These arrangements would be in effect to bring the principle of the "granny bonds" to the rescue of private occupational pension schemes. Experience with the "granny bonds", which have been readily accepted by the public, suggests that if the capital sum is secured against inflation the interest payable need be only minimal. There are indeed practical objections to such an approach, but they can be exaggerated. The Government should respond to the report by considering actively and constructively whether to issue a new pension bond. Such bonds do after all help to reduce the fraud inherent in all inflationary finance.

A COURAGEOUS VISIT TO THE BASQUES

There was never any expectation that King Juan Carlos's visit to the Basque country, which ended yesterday, would be an easy one, or that he would get an enthusiastic reception from the public. By all accounts the King was even strongly advised by Señor Suarez, the outgoing Prime Minister, not to undertake it for fear either that he would come to some harm, or that he would be subjected to some gross indignity which would enrage the right. But he himself was determined to go ahead with the plan, and in the event he achieved the aims he had set himself. He showed his support for the concept of Basque autonomy within Spain, and by his own calmness and good humour in Guernica in the face of the demonstration by Herri Batasuna provided assurance for his supporters.

The demonstration was a reminder that Herri Batasuna, the most extreme of the Basque parties, which is linked to the more violent "military" wing of the ETA terrorist organization, is only a minority. Even Euzkadi ESKER, which is associated with the "political-military" wing of ETA, did not join in, though its representatives studiously ignored the King.

THE BUREAUCRATS OF BASINGSTOKE

It is the stuff that Ealing comedies used to be made from. Down in balmey Basingstoke the lone householder locks herself into her own home as an unlicensed squatter, with every man's hand against her (well, some of them). It must be hoped that the affair can be resolved without the intervention of comic policemen. Mrs Lawrence's former tenant, unemployed, is reported to be seeking an order to evict her, in spite of the fact that his own three months' lease has expired. He can easily be cast in the Peter Sellers role of diabolical liberty-taker, but it seems that it would be at least as true to represent him as a helpless tool of that other familiar villain of such pieces, narrow-minded local bureaucracy.

As far as the law is concerned, it is clear that Mrs Lawrence is in the wrong. She should have sought a possession order, a process which may take several weeks. If so, she says, the law is an ass. Nobody would disagree in general with that sensible Dickensian observation, but in this instance there are other asses in evidence. The tenant, Mr Goodall, claims that the local housing authority, advised him

that he had to go through the legal ritual of eviction if he and his family were to be rehoused as homeless. He only wants to get back in so that he can be thrown out in due form.

It is common today for councils to give advice for homelessness, in an attempt to minimize the costly extra burden put on their waiting lists by the Housing (Homeless Persons) Act. But the restriction has no basis in law. Like the borough of Wandsworth in a court case this week, Basingstoke has no power to bind itself by rules fettering its statutory discretion to house those it considers to be in urgent need of accommodation. In cases like this, where it is obvious that the tenant would have no basis in law, an application for possession, it is absurd to impose extra delay, cost and distress merely to postpone the inevitable.

It is true that the legal machinery for an owner-occupier to regain possession after a short-term let is less elaborate than that ordained for landlords of other kinds of property. In theory, it can be done in a few days. In practice, a defendant can often string the process out

for a couple of months. The whole process is apt to encourage blackmail or collusion. The procedure for evicting squatters, which Mr Goodall (householder in the eyes of the law) means to invoke, is much more rapid and certain.

The case is the kind of paradoxical affair from which wider lessons should be drawn only with caution. Tenants in general need strong legal safeguards against eviction from their homes when cheap accommodation is so hard to find. But a three months' tenancy is scarcely home, and the shortage is in part caused by occupiers' fears that they might have the same problems as Mrs Lawrence if they set their homes while they are away. Now that 55 per cent of homes are owner-occupied, the wasteful inflexibility that this introduces into the market is increasingly important. The problem of empty second homes in the country is made worse by similar fears. Where an owner wants his first or second home for his own use, and a limited tenancy has demonstrably expired, the process of repossession should be as quick and certain as the process for ejecting squatters.

the analytical result, and opens up the possibility of cheating.

The only claimed advantage of the new system would seem to be the ability to provide an instant result, but we are sure most people, especially in the case of borderline samples, would far rather wait for an accurate result than take the risk of an instant but unreliable one.

Yours faithfully,
A. H. PARSONS,
C. F. J. HART,
C. C. Laboratories Ltd,
Faldo Road,
Barnon-le-Clay,
Bedfordshire.

Haig's implications

From Mr Michael Ambrose

Sir, Am I alone among *Times* readers in thinking that what General Haig is saying is more important than how he is saying it? Surely we should be objecting to the improbability factors of his cold war politics, otherwise there may be none of us around to discuss the finer points of the English language.

Yours faithfully,
MICHAEL AMBROSE,
31 Imperial Road,
Windsor,
Berkshire,
February 3.

Breath test controls

From Mr A. H. Parsons and Mr C. F. J. Hart

Sir, As analytical chemists we wholeheartedly agree with the comments of Mr T. E. Rymer (January 27) regarding the proposed new breath-testing procedure under the Transport Bill, 1980.

We would like to add that there are many other points in the new proposals which should give considerable cause for concern. For example, even if the new evidential breath-test instrument is operated and calibrated correctly by a fully trained operator, which from the wording of the proposed legislation, would not appear to be a necessary prerequisite to obtaining a successful prosecution, the accuracy and precision of the new procedure is far from encouraging.

This is perhaps best illustrated by the figures given in the Government's own consultative document on the subject, which states that during the trials of the instrument, evidential testing instruments, in which suspected breath samples, there was a difference between the two results of more than 20mg alcohol per 100ml of blood (when the breath results were converted to the equivalent blood figure) in one in every 14 cases! It is probably no coincidence therefore that

the Government have felt it necessary to effectively raise the present limit of 80mg of alcohol per 100ml of blood to the equivalent of 92mg per 100ml of blood.

We are further concerned by the very real possibility that these new evidential breath instruments may be either innocently or knowingly cheated. For, to obtain a representative result, it is necessary for the deep lung air, and although the instruments have various methods of trying to achieve this, they are, by their very nature, far from foolproof. Thus by such techniques as incomplete exhalation, hyperventilation, vigorous exercise, etc. it should be possible to provide unrepresentative samples, all of which would give rise to lower analytical results, thereby effectively cheating the system.

None of these techniques has any significant short-term effect on the concentration of alcohol in the blood and would thus not affect the result of the samples presently taken.

In conclusion, we would pose the question as to why it is necessary to change the present system of taking blood samples which are then accurately analysed in a laboratory by fully qualified analytical chemists, to one which uses an inferior analytical procedure, largely taken away from the suspect's present right of an independent check on

THE TIMES

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Oil traders
 move into
 the City,
 page 19

Stock markets

FT Ind 472.0 down 6.9
 FT Gils 69.33 down 0.14

Sterling

\$23.405 down 170 points
 Index 104.1 unchanged

Dollar

Index 98.9 up 0.3
 DM 2.1480 up 258 pts

Gold

\$491.50 down 514

Money

3 month sterling 131-134
 3 month Euro \$ 174-176
 6 month Euro \$ 161-163

Metro takes 8pc of January car sales

BL sold about 24,500 cars in the United Kingdom last month to capture almost 18 per cent of the market. The state-owned group's performance, which compares with a market share of 15 per cent in the same month last year, has been boosted by the continued success of the Metro, which took eight per cent of sales.

Industry figures due to be published in the next few days will show that January sales were 136,000 compared with 139,108 a year earlier. Current forecasts are that the total 1981 new car market will decline by six per cent to 1,420,000.

Fears that pent up demand for Japanese cars would result in a 20 per cent market penetration in January after the brake on sales at the end of last year have proved unfounded. Japanese cars took about 12 per cent of sales, a level that the British industry will expect to fall to around nine per cent for the whole year.

Ford held its position at the top of the car sales league with a market share of about 32 per cent down from 34.7 per cent in December. Total imports rose from a share of 44 per cent in December to 53 per cent.

Italian steel notices

Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, predicted an oil glut in 1982, with prices "floating at a lower level". He added that the surplus would be very sizeable if Iran and Iraq ended hostilities. Saudi promise, page 18

Coordination plea

Viscount Eddison Davignon, the EEC Industry Commissioner, has called for coordinated action to help the Community catch up with Japan in technological development. The only alternative would be more protectionism, he added.

Oil glut prediction

The EEC has given the Italian Government 10 days to ensure import access to Community steel. Failure to comply would lead to Italy being brought before the European Court of Justice.

Strike rejected

Workers at Smiths Industries have rejected a move by union leaders to strike in support of the company's plans for 270 redundancies at Witney, Oxford.

Banking talks

The Federation of London Clearing Bank Employers has opened negotiations with the two unions in the industry on its plans for new negotiating and disputes procedures.

Chrysler compromise

Top officials of Chrysler Canada have been asked to meet Mr. Herb Gray, Industries Minister, in an effort to reach a final compromise on the original accord between the two sides.

Wall Street higher

The Dow Jones industrial average closed 4.78 points up to 946.76. The S&P 500 was 12.4405. The £ was 0.527811.

EEC steelmakers negotiate voluntary output restraints

From Peter Norman
 Brussels, Feb 5

Dr Dieter Spethmann, the managing board chairman of Thyssen, West Germany's largest steel group, has disclosed that the steelmakers of the 10 EEC member states are holding "intensive negotiations" on a new voluntary agreement to replace the European Commission's present system of mandatory production quotas.

He told a press conference in Düsseldorf that his company was a determined supporter of a return to the voluntary system of production restraint.

But in a significant softening of the hostile attitude adopted by West German industry towards the Commission regime, Dr Spethmann said that on the grounds of "political common sense" the present EEC system should only be as planned on June 30 if there is a voluntary agreement ready to replace it.

Thyssen is the first West German group to hold a big press conference since the introduction of the steel quota mechanism towards the end of last year, and Dr Spethmann's remarks carry extra weight because he is the leading

figure in the German Iron and Steel Industry Association.

Mandatory production quotas under Article 58 of the European Coal and Steel Community Treaty have enabled the Thyssen group to raise its prices.

Dr Spethmann disclosed that contracts signed in the present quarter reflected an average increase in prices of 30 Deutsche marks (about £6) a tonne since the last quarter of 1980, when the present phase of the steel crisis was at its worst. Further price increases averaging around DM30 per tonne are expected on April 1.

But even after these increases, steel prices in the EEC were well below the domestic prices charged on the United States and Japanese markets, he said.

Peter Hill writes: British Steel Corporation and the private sector steelmakers have doubts on the ability of the European industry to reach a basis for a comprehensive voluntary restraint.

The present target date is April 30 for reaching agreement but within the United Kingdom industry steelmen believe that the most likely outcome is an extension of the existing measures.

Financial Editor, page 19

**Talks fail to resolve
 Duport steel crisis**

By Peter Hill
 Industrial Editor

The crisis at Duport, the Midlands steel and engineering group, remained unresolved last night after a day of talks between senior executives of the company, the British Steel Corporation, and Midland Bank, Duport's bankers.

Speculation over the group's future continued and the absence of an expected statement from Mr Eric Sayers, the Duport chairman, in the company fell back to 7p, their lowest level.

NatWest considers BPC rescue deal

By Richard Allen

National Westminster, banker and publisher, has been considering a rescue proposal involving Mr Robert Maxwell, head of Pergamon Press.

In a brief statement it said: "The bank is undertaking a review of the company's financial position with the assistance of Coopers & Lybrand, the company's auditors."

This review will include consideration of proposals which have this week been presented jointly by the company and by Pergamon to the bank.

The bank added that a further statement would be made shortly and that in the meantime "the bank is continuing its support on the existing basis".

The Pergamon group is proposing to inject as much as £10m in return for a controlling stake in BPC. But the deal is understood to be dependent on NatWest agreeing to forgo certain rights on a substantial part of loans to the group of more than £25m.

Other options being offered to NatWest and the Bank of England's minimum lending rate unchanged yesterday left sterling little changed against most currencies, although it fell back against a strengthening dollar during the afternoon.

Government stocks and shares both lost part of the ground gained earlier in the week. Gilts closed with falls of as much as 25p among longer dated stocks, while the Financial Times 30-share index finished 6.9 points down at 472.0.

Market opinion on when MLR will now come down remains divided. Some City analysts are convinced that the Government has already made up its mind to keep any reduction for Budget day on March 10 or soon thereafter.

But with money market rates becoming only slightly firmer after yesterday's decision, there is still plenty of room for an MLR cut of at least one percentage point in terms of the traditional structure of relative short-term interest rates. There is certainly a growing case for

the banks to consider a reduction in their base rates.

The fact that MLR did not move yesterday inevitably sparked some speculation that the January banking figures, to be published next Tuesday, may give a less encouraging view of money growth in January than many analysts have been predicting.

On active foreign exchange markets the MLR decision was widely discounted in advance. The announcement gave the pound a brief fillip but it drifted downwards during the afternoon as the dollar made headway against most leading currencies.

A report from the Reuters news agency that the Prime Minister was considering ways of bringing the exchange rate down may have contributed to the pound's decline against the dollar.

At the end of trading it was down 1.70 cents at \$2.3405, but its effective exchange rate against a basket of currencies was unchanged on Wednesday's close, reflecting gains on continental currencies. Against the Deutschmark, sterling gained

underwriting, amounted to between £4m and £5m.

Meanwhile, investors keen to apply for shares will be able to cover their positions by writing traded options for cash when the start in the next fortnight. The Stock Exchange options committee is understood to be rushing through details allowing the shares to be dealt on the traded options market.

Grants plan to avert miners' clash

By Nicholas Hirst
 Energy Correspondent

Energy ministers plan to head off a confrontation with the miners over pit closures by increasing the amount of social grants payable to the National Coal Board to ease redundancy costs.

But the plan, which would involve raising government aid to the coal industry, has yet to be sanctioned by the Treasury and agreed by the Cabinet.

The National Coal Board, hard hit by the recession and keen international pricing competition is to outline plans to cut its costs to leaders of the National Union of Mineworkers on Tuesday.

Under a stringent financial strategy introduced by the Conservative Administration in the Coal Act, passed last year, the coal board must break even, excluding grants made for social reasons, by 1983-84.

Coal board leaders are believed to think that the only way this can be done is to accelerate the closure of uneconomic pits. Just under a tenth of coal output is thought to be from pits losing a total of £100m a year.

Tuesday's announcement is expected to put stark options before the miners, who will either have to agree to more pit

closures and increased redundancies or face a sharp curbs on the investment programme of £600m a year, originally outlined in the Plan for Coal of 1974.

Miners' leaders believe the board is considering closing 25 pits. Next Tuesday's message, however, is unlikely to include either the number or the locations of mines which may be closed.

The union and the NCB have a joint review procedure for pit closures and the board is certain to want to continue with this procedure to maintain goodwill.

But unless the board is given additional help, it could not afford to make the redundancy payments on an accelerated pit closure programme and leave its investment intact without breaking its external financing limits and missing the targets of the Coal Act.

The Department of Energy, is keen that the board should proceed as was originally planned in 1974 with new investment which will sharply lower production costs, enabling it either to sell profitably abroad or fight off imports now running at seven million tonnes a year.

Social grants are payable under the Coal Act to ease the board's redundancy commitments and payments to miners to alleviate the cost of transferring from one

area to another. In many instances they do not cover the full cost of any payments and a substantial restructuring of the grants would need new legislation. Department of Energy officials do not believe that a Bill would need to be presented immediately.

Some coal board officials believe that the recession has made the strategy in the Coal Act so unworkable that it ought to be scrapped. The Energy department, however, is determined to persevere with it. Ministers do not accept that the recession is the only reason the board has run into a cash crisis, and that the board is only now facing the decisions it should have taken some time ago.

Rather than keep uneconomic pits going by covering the deficit that would be bound to continue, energy ministers would prefer to alleviate the cost of increased redundancy on favourable terms. Neither the board's plan nor the Government's help will be sold easily to the miners.

Yorkshire miners have already voted to give their leaders permission to call industrial action to fight pit closures for any reason other than an exhaustion of coal seams and with unemployment continuing to rise, an attack on miners' jobs is bound to raise a political squabble.

Sterling firm as MLR is left unchanged

By Our Economics Staff

The Government's decision to leave the Bank of England's minimum lending rate unchanged yesterday left sterling little changed against most currencies, although it fell back against a strengthening dollar during the afternoon.

Government stocks and shares both lost part of the ground gained earlier in the week. Gilts closed with falls of as much as 25p among longer dated stocks, while the Financial Times 30-share index finished 6.9 points down at 472.0.

Market opinion on when MLR will now come down remains divided. Some City analysts are convinced that the Government has already made up its mind to keep any reduction for Budget day on March 10 or soon thereafter.

But with money market rates becoming only slightly firmer after yesterday's decision, there is still plenty of room for an MLR cut of at least one percentage point in terms of the traditional structure of relative short-term interest rates. There is certainly a growing case for

the banks to consider a reduction in their base rates.

The fact that MLR did not move yesterday inevitably sparked some speculation that the January banking figures, to be published next Tuesday, may give a less encouraging view of money growth in January than many analysts have been predicting.

On active foreign exchange markets the MLR decision was widely discounted in advance. The announcement gave the pound a brief fillip but it drifted downwards during the afternoon as the dollar made headway against most leading currencies.

A report from the Reuters news agency that the Prime Minister was considering ways of bringing the exchange rate down may have contributed to the pound's decline against the dollar.

At the end of trading it was down 1.70 cents at \$2.3405, but its effective exchange rate against a basket of currencies was unchanged on Wednesday's close, reflecting gains on continental currencies. Against the Deutschmark, sterling gained

underwriting, amounted to between £4m and £5m.

Meanwhile, investors keen to apply for shares will be able to cover their positions by writing traded options for cash when the start in the next fortnight. The Stock Exchange options committee is understood to be rushing through details allowing the shares to be dealt on the traded options market.

Unpublished details: The prospectus contains many hitherto unpublished details of both civil and military projects (Arthur Reed writes). It indicates that the launching costs of the company's 146 aircraft project will be between £300m and £350m, of which about 80 per cent will have been borne by 1984. BA had expended about £105m launching costs by December 31, 1980.

The total market for this type of aircraft (between 70-100 seats) was estimated at 1,200 between 1980 and 1985, and the group believed that the 146 aircraft was a "reasonable prospect" of achieving at least 30 per cent of that market.

However, there are many private owned facilities networks operated by companies and these are expected to grow significantly with the introduction of cheaper, quicker and more reliable new equipment.

Despite intensive marketing, including advertisements on local commercial radio, it is understood that little use has been made of the public service so far.

The Post Office would not give volume figures because it said these would take at least a year to compile.

PO aims for monopoly on electronic mail

By Patricia Tisdall
 Management Correspondent

The Post Office is aiming to extend its letter monopoly to cover electronic mail. Mr Ron Dearing, chairman of the Post Office, said yesterday that it would press for changes in legislation at committee stage in Parliament to give the postal service the same exclusive privileges to handle hard copy, transmitted electronically as it already has for ordinary letters.

Mr Dearing was inaugurating an extension of the prestige Intelpost electronic mail service, where facsimiles of documents can be transmitted between post offices in 18 towns within the United Kingdom as well as to Canada, Holland and the United States.

A critical element in growth is the speedy introduction of a much larger network, which would enable the Post Office to sort and convey electronically such items as invoices and advertising material between customers using hand delivered only for the final few miles.

The Post Office is expected to argue that an extension of the monopoly could not only speed up the introduction of Intelpost but also safeguard the long-term future of the postal service.

It will point out that the Telecommunications Bill gives the Secretary of State for Industry wide powers to withdraw the monopoly if standards fall below acceptable levels.

Mr Dearing said yesterday he was disappointed that he had not yet convinced the Government.

The Bill at present permits the Post Office to offer an electronic mail service but specifically excludes it from the monopoly. Clause 53 (5) of the Bill, which defines a letter, explicitly excludes communications which have been "transmitted by a means of a telecommunication system".

When the Post Office launched the first Intelpost link between London and Toronto last June it pioneered the first international electronic mail service available to the public.

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The Post Office is meanwhile looking to business within the United Kingdom where links have been established between London, Birmingham, Bristol, Cambridge, Leicester, Nottingham, Leeds, Newcastle, Slough, Sheffield, Belfast, Liverpool, Manchester, Preston, Edinburgh, Glasgow, Southampton and Cardiff.

Aerospace share fears allayed

By Ronald Pullen

British Aerospace sought to allay fears yesterday that a future Labour Government would nationalise the company, after the news that the Government is to sell up to 50 per cent of the shares, worth £150m, to the public.

Sir Austin Peacock, the chairman of the company, said that the Government would have more important matters on its mind and that such a move would have an "adverse effect on pension funds and the like".

He added that he had found no serious opposition to the part denationalisation among the company's 79,000 employees. Sir Austin hoped that the group's relationship with the Government would develop along the same lines as BPC.

Small investors will also be favoured if there is an oversubscription for the 100 million shares on offer when applications close next Friday. The sale prospectus shows that investors can apply for a little more than £75 at the 150p subscription price.

The results come exactly a month before Mr Roland "Tiny" Rowland's fast-moving group meets its shareholders seeking approval for a 150p share bid for House of Fraser.

Announcing the figures yesterday, Mr Rowland declared that the trading improvement was the result of the performance of the group's interests in mining, agriculture and hotels. "These three areas of business alone did well enough to overcome the effects of the general recession", he said.

Mr Rowland added that Lomrho's balance sheet, due to be posted to shareholders next week, had also been considerably strengthened during the year. Assets employed have

risen to £850m and cash balances totalled £108m at the year-end.

Operating profits from the group's mining operations rose from £26m to £63m boosted by higher production and the higher gold price, while agricultural profits rose to £13m helped by increased output and a boom in the sugar price towards the end of the year.

In the United Kingdom, the group said that despite the fact that its Hatfield steelmaking subsidiary had "suffered substantially" from engineering and steel processing companies still contributed something to profits.

Financial Editor page 19

Lonrho profits jump to record £119m

By Our Financial Staff

Lonrho, the international trading group which has launched a £158m cash bid for the House of Fraser, yesterday unveiled full-year pretax profits of £119m to a record level of £119.1m.

This outcome compared with some stock market forecasts of as much as £135m, but the group's shares gained ground, closing up higher at 109p, after Lonrho announced a surprise increase in the final dividend, lifting total payments for the year by 36.6 per cent to 14.3p gross.

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£30m South Wales electronics plant will provide 1,000 jobs

Mitel Telecom, the Canadian electronics group, is to build a production plant in South Wales, in an area hit by the steel industry decline.

The company which specialises in electronic telephone and communications equipment is believed to be investing about £30m and plans to employ about 1,000 workers by the end of next year at Caedon, Gwent, with the promise of more jobs in the future.

The decision, which was made at a board meeting in Ottawa, was welcomed by Mr Nicholas Edwards, the Secretary of State for Wales, and is seen as a big boost for new high technology industry in Wales.

Several weeks of talks have taken place with the Welsh Office and the Gwent County Council to discuss financial incentives in setting up on an 18-acre site.

Mr Edwards said the project had "immense importance" and would make a significant contribution to offsetting employment problems caused by the rundown of British Steel's nearby Llanwern plant.

PRICE CHANGES

Rises	Falls
Aquascutum A 3:30 to 3:10	Erden 6p to 45p
ERF 5p to 32p	Brookhouse 4p to 30p
Farnell Elec 5p to 34p	Diplo 7p to 153p
IBC Group 10p to 63p	Dupont 20p to 7p
Lee Cooper 15p to 165p	Ferranti 10p to 45p

Bank	Bank
Australia 2.07	Bank 1.99
Austria 37.00	Bank 34.80
Belgium 82.75	Bank 78.75
Canada 97	Bank 92.78
Denmark 15.90	Bank 15.10
Finland 9.83	Bank 9.33
France 11.81	Bank 11.31
Germany DM 3.14	Bank 3.00
Greece Dr 119.00	Bank 113.00
Hongkong \$ 12.65	Bank 12.05
Ireland £ 1.38	Bank 1.32
Italy Lp 248.00	Bank 237.00
Japan ¥ 498.00	Bank 472.00
Netherlands Gld 5.58	Bank 5.32

Bank	Bank
Norway Kr 13.08	Bank 12.40
Portugal Esc 133.50	Bank 127.00
South Africa R 2.20	Bank 2.05
Spain Ptas 201.25	Bank 192.25
Sweden Kr 11.69	Bank 10.54
Switzerland Sfr 2.39	Bank 2.33
Yugoslavia Dnr 88.50	Bank 83.00

Bank	Bank
Bank 1.99	Bank 1.99
Bank 34.80	Bank 34.80
Bank 78.75	Bank 78.75
Bank 92.78	Bank 92.78
Bank 15.10	Bank 15.10
Bank 9.33	Bank 9.33
Bank 11.31	Bank 11.31
Bank 3.00	Bank 3.00
Bank 113.00	Bank 113.00
Bank 12.05	Bank 12.05
Bank 1.32	Bank 1.32
Bank 237.00	Bank 237.00
Bank 472.00	Bank 472.00
Bank 5.32	Bank 5.32

New techniques mean coatings for everything from poultry to cakes

An up-market image for the stale old crumb

A new way of treating bread crumbs should mean that consumers will not only get crumbs with almost everything but also a crumb market of an expanded market within three years.

The commercial crumb market, negligible until the advent of fish fingers 25 years ago when most housewives made their own from stale bread, is now running at around 20,000 tonnes a year with T. Lucas, part of Dalgety Spillers, the market leader with a claimed 50 per cent market share. RBM is the other key crumb supplier.

Lucas claims a pioneer move in crumb making with a range of novel coatings called the "creative crumb".

The new-style crumbs, from a gourmet Japanese crumb to potato crunch and a homebaked crusty version of the traditional crumb, are expected by Lucas to be taking about a quarter of an expanded market within three years.

Development work has already been started, with the possibility of use not only on fish, seafood, poultry and meat, but on or in cakes, desserts and confectionery.

Lucas's cookery experts have been trying to tempt the trade with ideas that run through a full menu from starters with share crumb to petit fours, with the exotic dash of the Orient.

Traditionally, breadcrumbs were produced by drying and then grinding stale bread, but there were contamination problems. Crumb coatings subsequently were produced in an automated 10-stage process.

The most up-market crumb of all, the Japanese, is produced by a 12 stage process designed largely by much greater expansion of its dough.

Lucas's breakthrough has been achieved by a six-stage process involving extrusion which replaces elaborate breadmaking procedures. That means greater raw material flexibility, a wider range of crumbs to attract consumers and a greater handling character that gives food manufacturers more flexibility.

The new system uses less labour and energy than the intricate Japanese crumb process used in the United States and brings the cost of novelty

crumbs nearer to that of the normal crumb, Lucas claim.

Crumbs can now be produced not only from wheat flour and potato flour but also other cereals including maize. Rice has been a problem in the past because of its sticky qualities, but Lucas believes that can be overcome in the new process.

Even tomato could be used in making crumbs in the battle to get consumers to bite more on the novelty-coated foods. Then the British consumer, at the moment eating about three-quarters of a pound of crumb coatings a year, might start to approach the United States average of three and a half pounds a year.

Derek Harris

BY THE FINANCIAL EDITOR

Lonrho sets the scene for the next act

Although significantly less than some of the wider market forecasts, Lonrho's full-year profits up 52 per cent at £119m hardly rank as a disappointment. Meanwhile the ace up Mr Rowland's sleeve this time turns out to be a final dividend which takes the total for the year up by almost two-fifths to 14.3p a share gross.

This reward, although not quite twice covered on stated earnings, was enough to keep profit-takers at bay and the shares closed 1p higher at 105p where a yield of 13.6 per cent and fully-taxed p/e of around 3.5 times, reflect at least a partial narrowing of Lonrho's credibility gap with the investing institutions.

Total dividends for the year have thus cost Lonrho over £24m or about £10m less than it acquired through last November's rights issue. And the implication presumably is intended to be that those who feel the group will be pushed to find £158m to purchase House of Fraser are a long way wide of the mark. In fact the group claims cash holdings of £108m at the year end.

As expected almost all the trading improvement has come from the mining interests which boosted by higher production and a higher average gold price lifted their pre-tax contribution from £26m to £63m. These interests and the sugar operation clearly more than compensated for some fairly grim returns at home, although Lonrho maintains that Dutton Foreshaw had a good year and engineering managed a tiny contribution before financial costs despite the Haddfields steel company suffering "substantially" from conditions at home.

The question now is, leaving aside the House of Fraser move, whether Lonrho's existing operations can keep up the pace. The likelihood must be that mining returns will slow but that the agricultural division, only now seeing the benefits from a booming sugar price could almost double last year's £13m operating profit to make up much of the loss. But with precious little sign of recovery at home the group could once again find itself running on the spot.

Meanwhile with a fairly robust balance sheet expected before shareholders meet next month to vote on the House of Fraser bid—possibly showing net gearing below 60 per cent—the scene is neatly set for what could yet prove Mr Rowland's biggest coup.

The feeling is growing that Lonrho may have to pay more than 150p to capture Fraser but possibly not more than 175p given the agitation of some of the bigger performance funds with regard to their Fraser holdings.

Financial markets did not get the cut in MLR they had been hoping for yesterday. But the damage was not all that great, with gilts down by no more than a quarter and the FT 30 share index giving back no more than 6.9 points to 472 of its recent rally. In short, markets continue to take the view that what falls to come one week will almost certainly turn up before too long. Whether that is a view that will need modification in the light of next Tuesday's banking figures remains to be seen.

More important internationally than the no-change MLR yesterday was the absence of any upward movement in West German interest rates. Although foreign exchange markets had not been betting that hard on any change, there is clearly increasing speculation as to how successful Bundesbank support operations will be in deterring the movement of funds out of the currency. Yesterday the DM lost a further 2.58 pence to close at DM 2.1480 to the dollar.

Meanwhile the Scott Committee, reporting yesterday on the value of inflation protected pensions in the determination of public sector pay, added its name to the list of those favouring the introduction of index-linked bonds.

As the report points out, index-linked

bonds would not in themselves mean that private sector employers could automatically guarantee inflation-protected pensions. The thrust of the Scott argument is that they would, however, at least give employers a better idea of the cost of offering various degrees of inflation-proofing.

Certainly, there is little doubt that pension funds would snap up a limited offering of index-linked bonds from the Government, and probably from solid blue chip companies too. But there is still no sign of any real enthusiasm for indexation on the part of the monetary authorities, and the idea that the authorities could be tied to a permanent obligation to issue index-linked bonds rather than take a much shorter-term view on interest rates in their funding decisions must surely be misconceived.

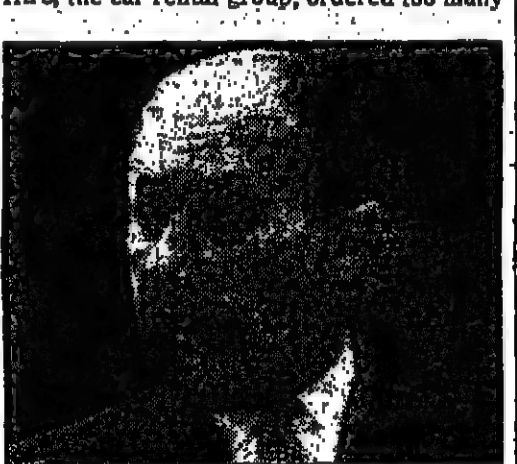
UDT Under pressure

The market is clearly waiting for a new offer by Lloyds & Scottish for United Dominions Trust. In the meanwhile the formal offer document from the Trustee Savings Banks and the interim results from UDT caused no surprise. The agreed TSB offer of 57p cash for each UDT share is formalized and UDT's own results are every bit as bad as expected.

For the half-year to December UDT made pretax profits of £3m—or £3.8m after adjusting for loan stock conversion for full comparison with the previous year—as against £7.9m. But after tax and an extraordinary debit of £1.4m, it is reporting a loss of £1.2m as against a net profit of £5.3m.

The instalment credit side has had plenty to contend with. Not only have interest rates stayed high but demand for new loans has been sluggish and bad debts are piling up. In UDT's own case the translation of overseas results into sterling has contributed £1m to the extraordinary debits while, amazingly, costs related to the TSB proposals have cost £800,000.

If the hire purchase side was bad, the industrial interests were even worse. Last year these contributed £4.9m to pretax profits, over half the total. This year Swan Hire, the car rental group, ordered too many



Mr Leonard Mather, chairman of UDT.

cars for market needs and then found their residual value at the time of resale sharply down, while the garages division, which includes several franchises, suffered from the recession in the industry.

In contrast, International Commodities Clearing House has been benefiting from the increase in its business. ICH could yet prove one of the brighter stars in UDT's portfolio. It has assets of £16m but with profits last year of over £8m, and an apparent assured place in the futures market, its eventual value could be far higher.

With remaining uncertainties on the course of interest rates and demand for loans, it would be hazardous to anticipate the outcome for the year. Profits in the second half should, assuming lower rates and some industrial recovery, be substantially higher than in the first. But by then UDT will in all likelihood be part of another group and the shares at 59p reflect this more than their trading merits.

London is to have a new commodity market. The International Petroleum Exchange (IPE) which will begin trading on April 6, has already excited interest both among traders, who see an important addition to London's futures markets, and in the oil industry and among oil consumers, who are faced with increasing oil price instability.

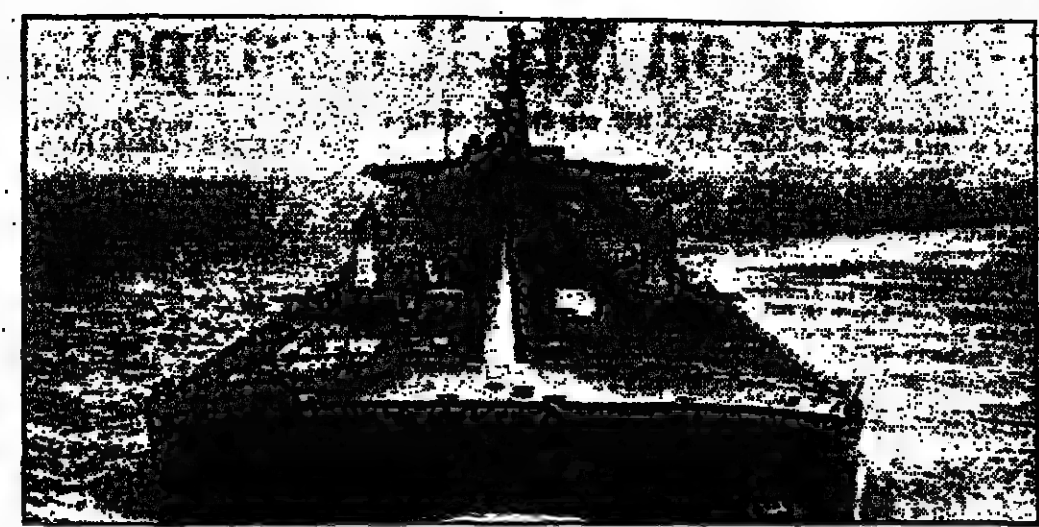
The opening of the exchange has to be seen against the background of a switch in emphasis in commodity markets generally, and in the London markets particularly. Inflation, growing price volatility and the lacklustre performance of other forms of investment have attracted a mounting volume of funds to commodity markets in recent years. These funds—mostly from private producers, manufacturers and speculators and investors—have flowed especially strongly into futures markets, where expansion has been much faster than in physical and spot markets.

Those behind the IPE scheme believe that it will play a leading role in restoring London's status as a commodity trading centre, a genuinely international market for one of the world's most important industries. Beyond that, it should attract large quantities of investment or speculative funds from abroad, enhancing the City's position as an earner of invisible exports.

The optimism is partly based on the New York experience, although a vital difference is that the New York Mercantile Exchange's Heating Oil Futures Market is an almost wholly domestic market. Nevertheless, since its inception in November, 1978, the market has grown rapidly. An average of more than 3,000 contracts are traded every day, amounting to some 750,000 tonnes of heating oil. In 1980 it was New York's fastest growing futures market.

London also plans to start with gasoline (heating oil), which is 30 per cent of the refined barrel and apart from heating oil is used for diesel fuel and petrochemicals.

The main reason for choosing



A 269,000 ton tanker under way: the new market will allow oil users to hedge their costs.

gasoline is that it is easily definable—an important qualification for commodity contracts—and widely traded. Contracts for naphtha and benzene could also be introduced and the oil market forward to a futures contract in crude oil.

Like all futures markets, International Petroleum Exchange is designed to enable producers and consumers to hedge their costs. It is intended at present that the contract will be for 100 metric tonnes (in New York it is about 130 tonnes), but is quoted in gallons. EFLO grade, a standard European specification.

The price will be in dollars per tonne and one contract would be worth \$30,000 to \$40,000, with a minimum fluctuation of 25 cents. Delivery is to tanks in Amsterdam, Rotterdam and Antwerp, with nine delivery months quoted on the exchange at one time or another.

Suggestions that a futures market should be formed to allow users and traders of petroleum products to protect their sales and purchases against possible sudden and violent price fluctuations have been around for at least seven years, but it is Iran that it has

been possible to identify a sufficient number of participants to make it work.

The revolution in Iran did two things. It accelerated the shift away from the multinational control of internationally traded oil and, at the same time, raised prices by 160 per cent. The effect was to increase markedly the role of the middlemen in crude oil trading and to lessen the users' security of supply. Refiners were faced both with greatly increased raw material costs and much greater uncertainty over the sources of their raw material.

A trend which had been under way since the early seventies was greatly speeded up. In 1970 60 per cent of non-communist world's oil supplies outside North America were handled by the seven leading oil companies—Shell, BP, Exxon, Chevron, Mobil, Texaco and Gulf. After the revolution in Iran the multinationals' share of internationally traded oil had shrunk to 40 per cent.

More important was the fact that they no longer had sufficient control to ensure that their own refinery requirements were met. Trading of both crude oil and products in-

creased sharply. New trading organizations sprang up overnight and traders and brokers already in existence greatly increased their business.

Also after the Iranian revolution, Opec members raised prices individually, often with wide disparities of price from producer country to producer country. Contract terms were cut back from periods of five years or more to a matter of months and premiums were added to official selling prices for some or all deliveries, depending on the strength of demand. From dealing with oil at 2 to 5 per cent of crude oil traded internationally, spot markets took 15 per cent and more of the trade. Independent refiners could sell to hungry markets at vastly inflated prices as both companies and countries became frightened of running short of supplies.

The ability to make trading profits (and losses) by balancing the supplies of multinationals and governments, often suddenly deprived of supplies which they had thought assured, grew enormously. The conditions for a hedging mechanism were made. Today prices demanded by

Opec governments remain disparate, over capacity in refining is marked, and competition for product markets is strong. The uncertainties are as great as ever. The industrialized West looks as though it will get through the winter without undue pressure on supplies despite the Iran/Iraq war, but the balance between adequacy and shortage is a fragile one. A hedging medium for both traders and refiners should be used.

Producers have increasingly tended to push for the highest prices obtainable on the market, cutting back their production to defend an official base price. The fluctuations can be sharp, with premiums equal to 10 per cent of supplies being switched on and off and prices on the spot market fluctuating even more markedly over short periods.

If the differing crude prices between suppliers and the differing capacity use and market requirements of refiners are added in, a hedging market in gasoline, offering as it does a greater openness of dealing and security of contract, should be well used.

There is no doubt that the International Petroleum Exchange is well supported by the oil industry, oil merchants, and commodity traders. Many of London's leading commodity firms are among the 28 floor trading members. British Petroleum has a representative on the Committee of Management.

But it is also clear that the market expects and hopes for speculative interest from private investors, for whom there is in present no direct way of trading in oil. In the United States the speculators have tended to set the tone of futures markets, although they have also been criticized for upsetting physical prices.

As an international market, the IPE could have a marked impact on the oil business and on the price of the world's most important commodity.

Nicholas Hirst and Michael Prest

Technology

Longer-life washing machines and the 100-miles-a-gallon family car are two benefits which could easily result from the application of a single technology, according to two speakers at the Institution of Mechanical Engineers in London this week.

The same technology could produce energy savings in the United Kingdom of up to £700m a year, they claimed.

The name of the magic technology is tribology. Though it has been around under that name for about 15 years, it probably still needs to be regarded as a new technology in relative motion—that is, it is concerned with such things as friction, wear and lubrication.

When the strange new name burst upon a suspicious English-speaking fraternity in the mid-1960s, it was seen as offering the prospect of great savings in industry. Good tribological practice could result in significant reductions in maintenance costs and better-quality products.

Since then the emphasis has changed to an awareness that economy in energy and in materials is an even more significant measure of the importance of tribology.

This at least is the thesis of Dr Peter Jost and Dr Jack Schofield, as detailed in their January 1980 lecture in their book, *Tribology*. Dr Jost, a company chairman, is the Tribology Man, having given birth to the subject in a report for the Department of Education and

Science in 1966. His co-author this week is the senior lecturer (in tribology) at Liverpool Polytechnic.

Primary energy savings can be obtained through tribology simply (though in practice it may not be simple) by reducing friction—through the redesign of bearings, for example.

Secondary savings are possible by minimizing wear and so reducing the need for more parts to be manufactured to replace those which are worn.

And, indeed, there are tertiary savings: those obtained by not having to make the materials from which replacement parts are made. All these direct savings can be calculated in energy terms and are substantial; often a primary saving will result in a larger secondary saving and a still larger tertiary saving.

In Britain, the big users of energy are the transport (23 per cent), industrial (37 per cent) and domestic (27 per cent) sectors.

In the transport sector, cars in particular offer scope for energy saving through tribology. Between 0.8 and 1.5 per cent of the total United Kingdom energy consumption is used to produce motor cars—and about 15 per cent of the total to propel them.

Engines and transmissions are obvious targets for appropriate research and development. Apart from attempts to improve the basic efficiency of the petrol engine, there is scope

Kenneth Owen

for reductions in the energy wasted through friction, wear and ineffective sealing. Some of these latter losses are not caused simply by ignorance of available technology, but are the result of conscious design decisions aimed, for example, at lowering production costs or "eliminating" the need to lubricate.

The universal coupling is quoted as an example of this practice by Jost and Schofield. The present version contains a single change of special lubricant (which cannot be replenished) and has a limited life of two or three years. Its conventionally lubricated predecessor lasted the life of the car.

This and many other examples in motor vehicles contributed to the energy savings of £123m for three or four years' transmissions, savings of £123m to £182m for an R and D cost of £1m for each of four years; and lubricants, £97m-£196m savings for three years' R and D at £53,000 a year.

These are the type of savings that would make the 100 mpg small family car a realistic probability. With "some engine thermal improvements", the authors change their assessment from one of probability to certainty.

Though no estimates are given for these thermal developments, there is clearly great scope for improvement here. The efficiency of petrol engines is only 20-22 per cent, and of the diesel engine 33-37 per cent. Jost and Schofield look to improvements from chemical thermal treatments, oxides, ceramics, carbides and inter-metallic coatings, and advanced lubricants. In the traditional engine, about one-third of the fuel energy is lost through the transfer of heat into the cooling water by way of the cylinder

petrol-engine process, also merits further R and D but "high research costs and benefits in this area are speculative".

Identifiable costs and benefits are estimated by the two authors as follows: piston rings, a £33m annual saving for an R and D cost of £400,000 a year for three or four years' transmissions, savings of £123m to £182m for an R and D cost of £1m for each of four years; and lubricants, £97m-£196m savings for three years' R and D at £53,000 a year.

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In summary, then, energy savings of between £58m and £700m a year in the transport, industrial and domestic sectors are possible through improved tribology, for an estimated R and D spending of £12.3m over five years.

In the industrial sector, again, the authors' detailed analysis points to substantial potential energy savings. For an R and D investment of about £5.1m spread over five years, a triple direct energy saving could be achieved: up to £20m a year through improved performance in power generation and turbines; up to £140m through improved performance in the manufacturing and process industries; and up to £26m in secondary and tertiary savings in the metallurgical and other industries in the area of maintenance.

In the domestic sector, there are many examples of short-life products whose design ignores the rising cost and shortage of energy and raw materials. Programmers and motor modules in washing machines and spin driers are among the failures are fairly common, components cannot be replaced, and replacement of the complete unit is the expensive and wasteful norm.

In summary, then, energy savings of between £58m and £700m a year in the transport, industrial and domestic sectors are possible through improved tribology, for an estimated R and D spending of £12.3m over five years.

Business Diary: No tubes mañana • Morris memories

Consolation at last for those poor tormented souls who have to rely on the London Tube to take them to work. It could be worse; you might live in Madrid, for instance.

The Tube workers there have just given notice of a particularly malevolent form of industrial action. From next Friday they have promised to go on strike until their demands are met.

The scenario, as they say, may look familiar. One can almost imagine some Hispanic Ray Buckton piping through the columns of El Pais: "I've never seen my caballerito so angry."

What sets the Madrid Metro men apart from their Associated Society of Locomotive Engineers and Firemen (Aslef) counterparts, for the moment anyway, is the timing of the strike. They will stop work for one full day at intervals of about four days until December 31 unless the Metro company concedes a 15 per cent pay rise.

The first shut-down comes, appropriately enough, on Friday the 13th and a further 83 days have been singled out, apparently at random.

The one million Spaniards who travel on the Tube daily are, naturally enough, mortified. The company is offering a 10 per cent salary increase and says that the population of Madrid will not be the only losers if the strike goes ahead.

It estimates that 83 workless days would cost the average worker nearly 23 per cent of his or her annual salary, or about 3,259 pesetas, roughly £17, for each week.

The public clamour to see BL's new Mini Metro being made, which Business Diary mentioned earlier this week, is nothing new to the Morris arm of the company.

While researching his book *The Annual Outing and Other Excursions*, Alan Delgado dug up an interesting publicity blurb about a coach trip to the Morris works, Oxford, in the 1930s.

"Thousands of men are working—thousands of cars are taking shape," Southdown Motor Services told their customers of 1938. "From Services told their customers the parts arrive at Cowley continuously. Engines... bodies... wheels... axles... chassis frames... radiators... a constant stream is arriving, to be instantly sorted out for assembly."

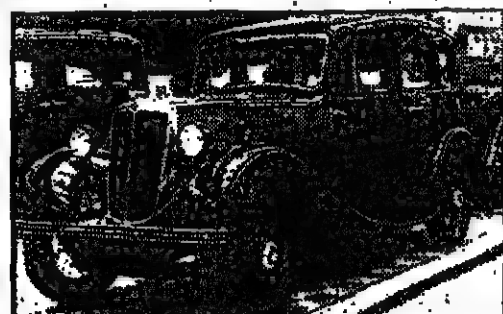
"Then, as the chassis frames move slowly along the conveyors, various parts are assembled at different points along the line. Everything happens with clockwork precision. Men and machines are synchronized."

"From out of a maze of separate parts, complete cars emerge. They grow before your eyes. It is a spectacle worth travelling hundreds of miles to see: a symbol of modernity and progress; an experience you will value all your life."

"An outbreak of extreme sensitivity has scuppered a series of wooden spoon awards for the advertising industry which Business Diary mentioned on Wednesday. The Creative Circle, a band of creative directors who seek to maintain professional standards in advertising, had come up with the bright idea of doubling its usual awards, which are due to be presented next month."

Every "best of..." category would be twinned with a booby prize equivalent titled in such a way that it left the unfortunate holder with no doubts that his efforts were less than impressive.

It all sounded great fun to Business Diary, even though the



A prewar Morris Eight from Cowley.

Ah, they don't write promotional copy like that any more.

The return fare for this little charabanc jaunt was 15s 6d, including tea. One of the models which grew before your eyes was the magnificent Morris Eight pictured here, which perhaps explains the outing's popularity.

Delgado says that the description that it "makes interesting reading in the light of working conditions in the motor industry today". Who would disagree?

chagrin, noted in the February issue of *Holiday Which?* just published concerns disclaimers and exemption clauses in the booking conditions.

The association succeeded in getting the Unfair Contract Terms Act through Parliament as a private member's Bill in 1977. Since then clauses disclaiming or limiting liability for anything done (or not done) by people not directly employed by the tour operator (like the airline and the hotel) have had no legal effect.

Yet *Holiday Which?* found that most of the brochures they examined still include such clauses. The tour operator is responsible for providing the holiday you have been led to expect. *Holiday Which?* says.

One failure causing particular

Only one working woman in eight in the European Community claims to be at a disadvantage compared with men over salary, employment opportunities, promotion, training or working conditions. The level of dissatisfaction is actually lower in Britain than in other European countries.

The surprising figures come from a study sponsored by the European Commission and recently submitted to the European Parliament.

However, it still leaves four million discontented working women in Europe. Another four million believe that other women are at a disadvantage even if they themselves are not.

The reason that women in the United Kingdom are more content than their continental counterparts, according to Hélène Riffault, the author of the report, is that in Britain more women work only among other women, so that sex discrimination is less evident.

There would be scant evidence, in any case, for supposing that it had anything to do with our Equal Opportunities Act. Almost half the British respondents had never heard of it or actually denied its existence.

The Gulf emirate of Sharjah has just built a beautiful new airport complete with every modern facility except a steady stream of incoming flights. Word from the Gulf is that when a local reporter rang the management to suggest an interview the voice on the phone said: "Sorry, I'd love to see you but I've got a plane coming in on that day."

David Hewson

The Trans-Oceanic Trust Limited

Managed by J. Henry Schroder Wagg & Co. Limited

The Annual General Meeting was held at 120 Cheapside, London EC2 on Thursday, 5th February, 1981 at 12.15pm.

The following is a summary of the Report by the Directors for the year ended 31st October, 1980.

	1980	1979	% Change
Total Revenue (see below)	£1,730,061	£1,532,979	+12.9%
Revenue after taxation and expenses	£ 940,407	£ 836,456	+12.4%
Earnings per Ordinary Share	7.88p	6.80p	+15.8%
Ordinary dividends for the year net per share	7.00p	6.20p	+12.9%
Net asset value per 25p Ordinary Share	299.20p	224.70p	+33.2%

The comparative figures for 1979 have been restated to exclude non-recurring income received that year as a result of the removal of dividend restraint.

In his Statement in the Annual Report the Chairman commented:

The removal of exchange controls in 1979 and the exemption from tax on capital gains granted to investment trusts in the Spring budget has given the Company greater flexibility to manage its portfolio. Your Directors saw this as an opportunity to put greater emphasis on overseas investment, particularly in view of the strength of Sterling. Thus the percentage of net assets invested in U.K. securities has fallen over the year from 60.5% to 42.2%. The portfolio's overseas emphasis has been mainly in the U.S.A., where the percentage of net assets invested has risen over the year from 30.4% to 39.2%. If Canada is included, the Company's total North American interests now exceed in value its holdings in the U.K.

Ignoring geographic boundaries it would be fair to say that the portfolio's main areas of emphasis are in energy and technology, which represent approximately 29% and 18% of the portfolio by market value respectively. Your Directors see substantial opportunities in these industries and expect the Company's portfolio will continue to emphasise these high-growth areas of the free world's economy. Greater emphasis is also being given to investing a proportion of the Company's assets in unquoted venture capital projects, which it is hoped will eventually provide a greater return than can be expected from more mature companies.

Most of the Company's venture capital investments and many of its overseas investments do not pay dividends to shareholders at the present time. Moreover, the yield obtainable by investing overseas is, in general, less than can be obtained by maintaining a balanced portfolio in the U.K. However, because of the enhanced growth prospects of these investments, their potential for future dividend growth is much higher. Your Directors are aware of the problems of balancing the need for a good level of income to pay progressive dividends on the Company's shares with the long-term growth aims of the Company. These differing requirements are continually under review and it is our intention to continue to seek capital growth while attempting to provide shareholders with increasing dividends as we have been able to do over the past decade.

Copies of the Report and Accounts are available from the Secretaries, J. Henry Schroder Wagg & Co. Limited, 48 St. Martin's Lane, London WC2N 4EJ.

FINANCIAL NEWS

Stock markets

Equities fall back on MLR disappointment

No change in the minimum lending rate yesterday came as a disappointment to a market that had been steadily improving over the last few days hoping for a 1 per cent cut.

After a cautious start, which saw some profit-taking ahead of the end of the account today, many buyers withdrew to await the MLR decision. The news left conditions drab in a thin market, although with little selling pressure.

The FT index, which had fallen only 1 point to 477.9, dropped a further 3.3 by noon, but with hopes abandoned of an MLR cut it fell further, to close 6.8 points down at 472.1.

Dealers' attention was firmly following gilts. But, opening in the morning at steady prices, long-term gilts attracted little attention until after the announcement when they eased off. By closing time, they had recovered £1 with hopes of a cut in MLR ruled out until nearer the Budget.

Shorts, however, saw some heavy investment buying prior to the expected news, gathering £1 by lunchtime. After initial strength, shorts drifted back £1. Dealers expressed concern over reports that the Government is reconsidering its policy of allowing sterling to float.

The low-key atmosphere stretched into the leading industrial, with dealers reporting a very quiet day, even though many had already relinquished any hopes of a cut. The sector looked dull from the outset and leading equities fell back several pence, some improving later in the day. Disappointment knocked 4p off ICI at 292p, later recovering

to 294p. Beecham fell to 177p, a 3p drop and Glaxo was down to 272p. GKN, on the news of further largescale redundancies, dropped 3p to 142p and Courtaulds fell 1p to 55p. Lucas, which had gathered strength from the Nissan plant plans, fell back 2p to 171p on profit-taking, but Hawker Siddeley continued its upward move, 2p better at 264p.

Electricals saw the greatest setbacks with the leaders suffering losses of up to 13p following recent strength. GEC dropped 13p to 618p, while ThornEMI shed 6p to 282p. Unilever recovered from its recent profits warning, up 7p to 23p, but this has still had its effects on Diploma, down 7p at 153p, and Electromotors, at 638p, a drop of 5p. ICL, however, which attracted investment demand, was able to pull back 4p to 35p.

The results from Loughborough failed to stimulate the shares early in the day, dropping 1p to 103p, but with the news of a better dividend and profits, it managed to pick up to close after hours at 108p.

Satisfactory results from Blundell-Permoglaze added 2p to 81p and similar good news

from IDC saw the shares firm 7p to 65p. Other rises saw European Furriers celebrating the end of its seamen's dispute, climbing 3p to 152p. Offer terms from predator Turnbull Scott left shares unchanged at 405p, but Stag Line added 3p to 405p.

Dealers have been reporting renewed interest in finance to oil group. Ministry of Assets, where Britannia Airways holds 12.5 per cent. The price has risen, this account, from 63p to 70p, closing 1p off at 69p yesterday. The attraction is its 25 per cent stake in block 30/23 in the North Sea which straddles the recently upgraded Argyle Field.

After Lee Cooper's £25m contract with Czechoslovakia, the shares were 15p higher at 166p and speculative gains were made by Aquascutum "A" adding 3p to 31p. Unaffected by Avana's share disposal, Robertson Foods rose 3p to 155p and Avana was up 7p to 210p with the bid still in the air.

Meanwhile, trading results from M. L. Holdings added 5p

to 255p and Aaronson Bros, also reporting, gained 1p to 57p. But Christie-Tyler lost 3p to 39p on first-half losses. Investment recommendations boosted Henlys 4p to 82p and put 5p on ERF at 52p. Both L. Barget, adding 10p to 160p, and Old Swan Hotel, 8p to 68p, rose on speculation. Chubb added 2p to 77p on comments suggesting a takeover by GEC.

Dupont weakened a further 2p to 7p on continuing fears that Government aid will not be forthcoming. Otherwise the engineering sector was not too badly affected by MLR expectations. J. Brown dropped 1p to 72p and Vespene remained unchanged at 101p.

After Wednesday's boost, breweries tended to retreat with the leading shares dropping across the line. Bass shed 3p to 200p, Grand Marnier 2p to 166p and Whitehead was 1p lower at 151p.

Banks, unperturbed by the general disappointment, opened firm but news of future pay talks saw most of the sector losing further ground. Barclays dropped 3p to 383p and Nat West fell 1p to 365p, but Lloyds remained unchanged at 325p.

Midland bucked the trend with a 2p rise to 318p. Financials had a quiet day and although there was renewed support early on for ENFC with a 1p increase to 31p the shares fell back to 29p by the close. UDT, still waiting bid developments from Lloyds & Scottish and Trustee Savings Bank, shed 1p to 59p.

The spectacular feature in oils was the exploration agreement between Cluff, climbing 15p to 340p, and BP which fell 25p to 409p. Otherwise the market was dull and leaders closed easier with Shell down 4p at 428p, Lasso shedding 15p to 658p and Bunnah down 3p to 186p.

Property and insurance sectors, which had particularly looked forward to the benefit of cheaper money, were both relatively unchanged, with a mixture of rises and falls. In the property market, Hamersley "A" added 10p to 625p, Haslemere continued upward with 2p to 388p, but Land Secs was unchanged at 388p.

Equity turnover on February 4 was £127.48m (bargains, 11,502). Active stocks yesterday, according to the Exchange Telegraph, were ICL, GEC, GUS, ICI, Loughborough, Chubb, British Land, Rael and Ultra.

Traded options: Dealers reported a total of 1,147 contracts with over half of the trades coming from Lombar which attracted 642. Other trades were Rael with 196 and Lasso with 125.

Traditional options: Dealers reported quiet trading conditions on declaration day. Calls were made in Lombar at 10p, Town & Country at 29p and ICL at 7p.

Turnbull counter-bid of £4.9m for Stag Line

By Peter Wilson-Smith

Turnbull Scott has emerged as a second bidder for Stag Line, capping the 355p a share offer from Hunting Gibson with terms worth 400p a share. This values Stag Line at £4.9m.

Shares in Stag Line had been trading well above the price offered by Hunting Gibson, anticipating a higher offer. They closed yesterday 3p up at 405p.

The Stag Line board, which together with family interests controls about 40 per cent of the equity, said last month that it was aware of the possibility of another offer, but it was not clear last night whether this statement referred to Turnbull Scott or whether there may yet

be another bidder waiting in the wings.

Mr Reginald Pender, managing director, deflected all questioning on this issue with "No comment." He said the board would be meeting to discuss the latest development.

Mr Graham Turnbull, a director of Turnbull Scott, said that both companies knew each other well but had not met since the middle of January. He said that Stag Line would fit well with Turnbull Scott, whose dry cargo carriers were mostly smaller than Stag Line's. Turnbull Scott had net assets of £12.1m at March 31, 1980.

Turnbull Scott, which has a share of 0.36 per cent in Stag, lost £237,000 pretax in the year to last March but in the ensuing

six months made a £360,000 profit.

The offer for Stag Line will include an alternative to cash in the form of loan stock or notes, and the terms will be contained in the formal offer document.

Hunting Gibson, the initial bidder, had already received an irrevocable undertaking to accept from Roper Holding in respect of its 29.9 per cent stake in Stag Line. The under-lying offer would see if Hunting Gibson fails to get a majority holding in Stag.

A spokesman for Hunting Gibson refused to comment on the counter bid from Turnbull Scott. "We haven't had time to consider it," the spokesman said.

Margins dip at Blundell-Permoglaze

By Catherine Gunn

Paint manufacturer Blundell-Permoglaze Holdings took a larger share of a declining paint market last year, but its margins were trimmed by rising costs. Pretax profits for the year to October 31 were £1.84m, down from £2.19m the previous year, on sales up 14.2 per cent to £23.7m.

The total dividend has been maintained at 6.85p gross after a lower final payout of 4.57p gross. The board is confident that this year will go well.

A heavy de-stocking programme last year meant a £42,000 addition to the group's tax bill in the form of a clawback of stock relief, and knocked attributable profits down from £1.49m to £1.01m. Mr Newlands Bassett Smith, the retiring chairman, said yesterday that had not stock relief had to be calculated at November 14 as the Government required, the group would have received tax relief of £320,000. However, the picture should balance out this year.

Meanwhile, lower stock levels released £1m which would otherwise have been used to finance stocks. This was instead placed on deposit and more than covered the group's interest costs, producing a net credit of approximately £20,000.

Decorative paints produced 75 per cent of the group's reduced pretax profits, and pushed sales in volume terms up by around 5 per cent. The paint industry as a whole reports a volume decline of around 7 per cent. The decorative paint market continued to decline in the first two months of this financial year, but there are some signs of improvement.

The industrial division supplies domestic appliance manufacturers, and the joinery, general engineering and motor industries. Reflecting their problems, its contribution fell from 10 to 7 per cent of group profits, although sales have remained at 14 per cent of group turnover.

Aaronson payout held but profit is halved

By Rosemary Unsworth

Aaronson Bros, the chipboard and veneer merchants, found its margins under increasingly severe pressure last year and pretax profits halved. However the dividend was maintained.

With turnover rising by 17 per cent from £47m to £55m, pretax profits fell from £4m to £1.9m in the months to September 30, 1980. They did manage to hang on to its market share in exports where sales rose by 37 per cent to £11m. At the same time margins were clipped by the strength of sterling as goods came in from the EEC, Spain and Sweden, and the group was unable to pass on the effects of inflation, higher energy costs and the rise in prices of oil-based raw materials.

On top of these factors, Aaronson's capital expenditure programme continued, at cost of £4.8m, which helped to push borrowings up by £5m to £11m and force interest charges from £740,000 to £1.48m. Capital expenditure should be sharply reduced this year as most of the plant improvements have now been completed and Aaronson should benefit from improved production capacity.

Capital expenditure in the last five years has come to about £18m.

In addition, the group has strengthened its position in the home market by the acquisition of an undisclosed sum, and several distribution companies since the year end.

Reorganization costs for the operation came to £900,000 and are included in the results; an extraordinary item. Before the acquisitions, Aaronson had distribution links in the Irish Republic, Northern Ireland and Scotland. It plans to use its outlets for smaller, more local deliveries of goods.

The final dividend has been maintained at 4.28p gross which with the interim of 1.71p gives a same again total of 6

Arthur Guinness chairman's warning

At yesterday's annual meeting of Arthur Guinness, the chairman, the Earl of Iveagh, told shareholders that, as far as the non-brewing side is concerned, he expected the group would be able to improve on 1979-80's performance. But he said it would take more than one year to get back to the 1978-79 profit levels. The group's pre-tax profits fell from £52.9m to £43.3m last year and the non-brewing side was responsible for most of the drop.

Guinness's experience in the first quarter of the new year has shown little respite from the situation reported in the review of 1979-80 and the chairman warned that he could only remain very cautious in forecasting how the rest of the year might run.

applications getting 71 per cent or a minimum of 2,000 shares. Letters of acceptance will be posted on February 10.

Dunton Group for unlisted market

The offer by Mr A. K. Sore and Mr A. L. Ward for 840,000 ordinary shares in the Dunton Group has closed. Before the offer, Mr Sore and Mr Ward held 6.26m shares (54.75 per cent) and 937,500 shares (8.19 per cent) respectively. The offer was accepted for 191,100 (1.67 per cent).

Mr Sore and Mr Ward intend to make available to the staff of Bulk Barrowmanning, a Dunton offshoot, the first 100,000 shares acquired under the offer and to place the balance in the unlisted securities market.

Defence interests lift ML

By Our Financial Staff

ML Holdings, the piano frames to electronic warfare group, has increased profits for the six months to September 30 from £374,000 to £442,000 on turnover up from £8.9m to £12.4m.

Some 65 per cent of ML's business is related to defence spending and growth here has continued unabated. Signalling and control systems also remain profitable, but Crown Foundry, which makes piano frames and general castings, lost about £200,000.

The 40 per cent increase in turnover against the 18 per cent increase in profits reflects a strong defence order book, the profits on which tend to be taken at later stages of individual contracts.

Sharp improvement at Western Mining

By Michael Frost

Western Mining, the Australian exploration and minerals company, raised first half net operating profits by 28 per cent to £531.9m (£16m). But the dividend has been held at 7p.

BH South, Central Norseman, Gold Mines of Kalgoorlie and Hill 50 Gold Mine, in all of which Western Mining has a significant stake, also increased their profits by wide margins.

The big change in Western Mining's profit came from increased gold production. Sales of gold in the six months were 4,173 ounces. Western Mining produced none in the same period of 1979.

The company has also benefited from the sale of 35,560 ounces of gold over the same period by Central Norseman Gold, in which Western Mining has a 50.5 per cent stake.

Another feature was nickel sales. Despite a 6 per cent fall in sales to 19,765 tonnes,

revenue was up by 8.3 per cent. But higher prices for cobalt and for nickel during most of the period were offset by an average 4.9 per cent strengthening of the Australian dollar against the American dollar.

BH South, which is 60 per cent owned by Western Mining, had consolidated net earnings of £52.68m against £51.78m in the same period of 1979. The company has declared an interim dividend of 4 cents.

Part of the £525.2m BH South raised from the sale of five million Common Riointo of Australia shares was used to pay off loans. BH South says increased dividends from Alcoa Australia and CRA virtually offset the loss of dividends from companies sold to CRA.

Carr Boyd Minerals, an entirely separate company from Western Mining, has reported that Esso Exploration has the right to earn a 40 per cent interest in Carr Boyd's Leonora gold prospect if it drills a minimum of 1,000 metres.

IDC lifts total dividend

Although the IDC Group's turnover managed to edge forward from £44.5m to £45.24m in the 12 months to October 31 last, pretax profits slipped from £1.25m to £1.03m.

Net profits were £476,000, compared with £336m last year, which was swollen due to a big write-back of stock relief. The total gross dividend is being raised from 6.57p—adjusted for last year's scrip issue—to 7.22p. IDC covers the designing and constructing of industrial and commercial buildings, house-building, property development and fire protection services.

Date set for Oil and Gas debut

Dealings start in the shares of new exploration vehicle Oil and Gas Production next Wednesday. Of the 18.9m fully paid shares and the same number of partly paid on offer, 13.65m of each were allotted to institutions before subscriptions opened. The remaining 5.25m fully paid USS1 shares were 1.89 times oversubscribed.

Applications for up to 10,000 shares will be accepted in full and higher applications get 45 per cent of the amount applied for, or a minimum of 10,000 shares.

The 10 per cent partly paid shares were 9.47 times oversubscribed and applications for up to 2,000 shares are being accepted in full with higher

Caparo may decide on CMT bid today

Private investment company Caparo may reveal plans to launch its long-awaited counter-bid for Central Manufacturing & Trading today. Mr Swraj Paul, who runs Caparo, said yesterday that following the Takeover Panel's ultimatum to the company to make up its mind by Monday morning on whether to bid or not, he has received additional information from CMT. He should be able to come to a decision today.

Hanson Trust, which has 13.3 per cent of CMT, made a £13m bid for it on November 23. This was followed in December by Caparo's statement that it might make a rival offer. Hanson's extended 49p a share offer expires on February 13.

Avana sells 6pc stake in Robertson

Avana Group has sold its 6 per cent stake in Robertson Foods at 152p a share, raising more than £1m.

The group said it still planned to proceed with its £17m all-share offer for Robertson, the jam group, and that the money would be used to reduce Robertson's borrowings if the bid went through.

The stake is expected to have gone into several hands. Mr Christopher Robertson, chairman, said he would not expect a second bidder to appear before the defence document goes out.



Mr Ralph Price, chairman of M. L. Holdings.

Nevertheless, for the present year growth is likely to level off from last year's 25 per cent rise to £10.3m pretax and the probable outcome is for £12m to £13m.

In the longer term ML still looks for defence growth in the region of inflation plus 3 per cent upon which Nato spending is based. The company is still set against disposing of its loss-makers. The Crown Foundry business is seen as a potential substantial profit maker.

The interim dividend at 2.86p gross is unchanged. A tax provision of £230,000 at this stage is unlikely to be payable so earnings a share should end up ahead of last year's 37.20p.

On an unchanged dividend the shares at 255p, up 5p yesterday, yield 3.9 per cent with a historic p/e ratio of 6.8 with the figures adjusted for the £2m rights issue in September.

Interim loss at upholstery maker

By Rosemary Unsworth

As forecast at the annual meeting, Christie-Tyler, the Welsh-based furniture and upholstery manufacturer, made a loss at the interim stage and has halved the dividend.

Pretax profits of £1.6m were turned into losses of £445,000 in the six months to October while turnover slipped by 5 per cent from £34.9m to £33.4m.

Christie-Tyler reckons that its upholstery volume, 90 per cent of the business, declined by 10 per cent over the period compared with an industry fall of 15 per cent so that it has managed to increase its market share to around 23 per cent.

The pretax loss is the first incurred since the group's listing in 1972 and reflects the exceptionally poor trading conditions in the furniture market.

Mr George Williams, the chairman, said: "Redundancy payments to 250 employees who left last summer and closure costs amounted to £590,000. But the group points out that since the end of the rationalization programme in September it has been in profit, although at an unsatisfactory level."

Imports have also increased because of sterling's strength, further reducing Christie's margins, but the group said that it would be disappointed if it failed to work out the loss by the end of the year.

Under the new stock relief proposals £950,000 of deferred tax has been released, pushing after-tax profit to £736,000 compared with £773,000 the previous year.

Thyssen holds payout as profits decline

By Rosemary Unsworth

Net profits of Thyssen, the West German steel group, slipped to DM117.3m (£23.5m) in the year to September 30, 1980, from DM157.3m the year before.

Herr Dieter Spethmann, the managing board chairman, said the profits were satisfactory in the light of trading difficulties throughout the world. In the first quarter the present year, he added, sales and orders had been static or declining, with average monthly turnover down by DM100m, but he declined to make a forecast for the full year.

Herr Klaus Kuhn, the finance director, said foreign business would pick up this year and includes a clear improvement in the results of the group's Budd Co in the United States. Budd recorded a loss and a 25 per cent sales fall to £1,100m (£470m) last year because of

the poor state of the car industry. Looking to steel production, officials said utilization of crude steel was at 70 per cent of capacity, little changed from the fourth quarter of 1980 when quotas were imposed.

Steel accounted for 26 per cent of Thyssen's overall 1979-80 world turnover of DM34,000m, which included sales within the group. Steel turnover rose to DM7,700m from DM7,800m.

Thyssen also reported that its pretax earnings on specialty steels rose to DM20m from DM7m.

As announced in December, Thyssen intends to pay an unchanged DM4 dividend for the year.

Natwest offshoot dips

The National Bank of North America, the New York-based bank, has announced that its share price has fallen to \$43.2m, yesterday reported disappointing results for 1980. Its net income fell from \$17m to \$12m (about £5m) after sharply higher provisions for bad debts and write off of \$3.3m for loss on proposed sale of leased assets.

Income during the year rose from \$144m to \$173m but operating expenses went up from \$117m to \$144m and bad

Briefly

Alcan Aluminium (UK): Alcan UK states that the listings for its debenture stock and loan stock have been suspended in compliance with Stock Exchange practice. No proposals are being discussed with regard to the securities, which will remain unlisted whether or not an offer is made by Alcan Aluminium Ltd for the ordinary shares of Alcan UK not already owned by the group.

Bain Daws: Bain Daws and Partners, the pensions and financial planning company in the Bain Daws Group, has acquired the Manchester-based pensions consultancy business and portfolio of clients of Philip Glenon Associates (Pension Scheme Planning) Ltd.

K Shoes: Acceptances of offer by K and J. Clark for K Shoes' shares not already owned: 20,75m ordinary shares and similar number of deferred (91.2 per cent of each for which offer was made).

Apex Properties: Pretax profits for half ended September 30, 1980, £363,000 (£335,000). Earnings dividend is unchanged.

City of Westminster Assurance: Regular premium income for 1980 increased by 11.5 per cent to £2.08m.

Beamont Properties: The big disappointment in the figures for the year to September 30 last from Beamont Properties is the portfolio valuation. Observers had hoped for 215p a share but it worked out at only 190p. However, the total dividend of 25p gross is nearly 17 per cent up. Pretax profits rose from £1.7m to £1.46m thanks to rent reviews, so earnings a share rose from 5.3p to 6.5p. Mr J. Hugh Jones succeeded Sir Cyril Black as chairman nearly a year ago. The shares were unchanged at 144p.

Trust Securities Holdings: announces a major acquisition which will provide about 400 acres of fresh development space and within four miles of London's Heathrow Airport. To acquire the sites, the trust has purchased the Newcourt Group, which, in turn, owns W. W. Drinkwater, which owns 800 acres of land, achieved trading profits of nearly £500,000 last year.

Thomas French & Sons: In his annual report, Mr T. J. French, chairman, reported that during the United Kingdom, demand since last September has been at a more acceptable level than during the previous six months. French's overseas companies have continued to perform well.

Witter-France: Thomas Witter's chairman, reported that Tarnar has already acquired in the market 85 per cent of Witter's shares and interests to remain on shareholders' lists. Witter's directors unanimously recommend all shareholders to accept the offer and intend to do so for their own holdings.

Sine Dayby: The Far East trading and plantation group, is to develop a new cocoa estate at Sabah. The development will be carried out by Sime's plantation division in agreement with Farmanian Plantations, a Sabah company.

Profits leap at Mining Supplies

By Peter Wainwright

Mining Supplies, the Do-caster company which recent bought Laurence Scott, electrical machinery and control gear maker for £5.8 million, reported a 25 per cent increase in turnover to £1.7m on engineering strike hit the comparative half-year.

Sales rose from £10m to £14.1m but pretax profits fell from £551,000 to £237m. The progress is not entirely surprising, because during the bid it had grown to £17.7m—on £160,000 short of the loss for the whole of the year before. Reorganization was costing hundreds of thousands of pounds of exceptional expenditure.

The figures, by their nature in no way reflect National Coal Board cutbacks.

The group reports a "reasonably" good order book. It thought that it has suffered less severely than other NCB suppliers because the cuts fell most heavily on roof supports not a Mining Supplies speciality.

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Bank Base Rates

Bank	Rate
ABN Bank	14%
Barclays	14%
BCCI	14%
Consolidated Credits	14%
C. Hoare & Co	14%
Lloyds Bank	14%
Midland Bank	14%
Nat Westminster	14%
Rosminster	14%
TSB	14%
Williams and Glyn's	14%

* 7 day deposit on sums of 10,000 and over 12% per annum

M. J. H. Nightingale & Co. Limited

27/28, Lovat Lane London, EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

126	88	Frank Horsell	110	-1	6.4	5.8	3.4
110	53	Frederick Parker	53	-11	11.0	20.8	2.4
110	74	George Blair	75	-	3.1	4.1	-
110	59	James Group	108	-	6.9	6.4	4.1
124	103	James Burrough	119	-	7.9	6.6	9.8
334	244	Robert Jenkins	330	-	31.3	9.5	-
53	0	Scruttons "A"	53	-	5.3	10.0	3.8
224	215	Torday Limited	215	-	15.1	7.0	2.7
23	10	Twynlock Ord	12	-	-	-	-
90	69	Twynlock 15% ULS	76	-	15.0	19.7	-
56	35	Unilock Holdings	38	+1	3.0	7.9	5.8
103	81	Walter Alexander	103	+1	5.7	5.5	5.7
261	181	W. S. Yeates	261	+1	12.1	4.6	4.3

It gives Lonrho much pleasure to offer a satisfactory year's results to the shareholders

R. W. Rowland, Chief Executive

Dear Shareholder,

Lonrho has achieved record profits and turnover this year, largely due to the performance of the mining, agricultural and hotel divisions of the Group. These three areas of business alone did well enough to overcome the effects of the general recession.

The balance sheet has been considerably strengthened—assets employed in the Group are now almost £850 million. Net current assets are up by £78 million to £147 million, with a major increase in cash balances which stood at £108 million at the year end. During the year we had a successful rights issue.

The underlying strength of your Company is the balanced range of its business—from raw materials and agriculture to manufacturing and retailing.

The Group is represented in 64 countries and employs over 140,000 people.

I hope you will find the brief review of the year's business of interest, and also glance at the graphs and figures on pages 52 and 53. We have every reason to believe that our steady rate of expansion can be maintained.

Mining

Mining profits increased from £26 million to £63 million in a good year characterised by firm metal prices, higher production and controlled costs.

The average price of gold realised was well in excess of that for the previous year. Total Group gold production was 367,000 ounces, with improved milling facilities at two of our properties and the acquisition of two small but productive mines.

Our 86 per cent. owned subsidiary, Duiker Exploration Ltd., has exercised its 36 per cent. participation rights in a major new mine with the Anglo American Corporation. This property, Eastern Gold Holdings, is forecast to produce 350,000 ounces of gold annually.

Western Platinum increased production by six per cent. to 131,000 ounces of platinum group metals. Firm prices prevailed throughout the year and costs were stable. Last year I referred to the research programme for the second higher-grade reef, and I am glad to tell you that the associated technical problems have been resolved. We are currently spending an estimated £14 million on exploiting this extensive new ore body. We expect to start production next year, building up rapidly to an additional 110,000 ounces of platinum group metals annually. Profits should consequently increase by about £10 million per annum at current prices and cost levels. The Lonrho Group refinery has been sold and is now wholly owned by Western Platinum, the mining company in which we hold 50.4 per cent. Our partners are Superior Oil of Houston and Falconbridge of Canada.



Miners at Ashanti

The collieries increased production to 2.62 million tonnes of bituminous coal and 535,000 tonnes of anthracite. We have started work on opening a new anthracite mine with an annual productive capacity of 600,000 tonnes.

Asbestos and copper markets remained depressed. Our small-scale operations, however, again contributed useful profits.

In the light of firm prices, gold continues to be our principal exploration target, and we are researching a number of deposits. Where viability has been proved, current work is aimed at gaining additional information for mine planning. We also prospect for other precious metals, base metals and coal.

Agriculture and Ranching

The world price of sugar improved rapidly during the course of the year and overall production exceeded 380,000 tons.

The new Dwangwa sugar project in Malawi is now working extremely well and some 50,000 tons of sugar are expected in 1981. The contribution to Group profits from our sugar operations is important to the Group.

The Group's tea estates were adversely affected by drought and the drop in tea prices this year.

Your Company's other agricultural projects in Africa, including particularly coffee, timber and tobacco, and the growing of mushrooms, maize, wheat, barley, soya beans, onions and potatoes had a good year. The maize and wheat crops in Kenya this year have been especially notable.

The total herd of beef cattle is still 100,000 head after sales of 20,000 head.

Finally, this year saw the completion of phase one of the Kenana Sugar Project in the Sudan. This scheme, which was invented and planned by your Company in 1971, continues to be the largest single agricultural project in Africa and the Middle East.

We were responsible for the site selection, the soil analysis, the development plans and the successful negotiations for the funding by Pan-Arab institutions. It now has Arab management, but Lonrho, as founder member, continues to be a shareholder of Kenana.

Hotels

We have now had a full year as 50 per cent. owners of Princess Properties in partnership with Mr. Daniel K. Ludwig, of New York. We are happy to report that the Princess hotel division's net profits reflected a 180 per cent. increase as compared with the previous year. The six fine resort hotels in the Bahamas, Bermuda and Acapulco, Mexico, continue their vigorous improvement policies. The Company also owns the Sir Francis Drake in San Francisco.



The Bermuda Hamilton Princess Hotel

By agreement with the Government of Mexico, the Princess Group is expanding its world-famous Acapulco Princess by construction of a further 320 rooms. It is proposing to build on its Acapulco site a major series of landscaped apartment blocks.

In Mexico City, Princess Properties owns a magnificent site on the Paseo de la Reforma for the construction of a new Princess hotel and office block. We expect to finish planning and initiate this project in 1981/82.

Despite the general downturn in business for hotels in the U.K., this has been another successful year for the Metropole Group.

In Brighton, a record 175 conferences and exhibitions were held, and in Birmingham another record was achieved of 475, maintaining our premier position amongst U.K. conference and exhibition hotels. The London Metropole's overall

occupancy was 86 per cent., although tourism to the capital declined. Upgrading continues at the Metropole hotels. All new hotel building works are carried out by the Group's building company, Fassnidge, Son & Norris.

Motors

Jack Barclay, the world's largest distributors of Rolls Royce and Bentley motor cars, made a significant contribution to the results of the wholly owned Dutton-Forsyth Group. Orders for the new Rolls Royce Silver Spirit exceeded expectations.

The Volkswagen-Andi franchise had an excellent year, with the introduction of the Volkswagen Jetta and Audi 200 to the existing range and with unit sales of 79,000.

A new £2 million extension to the computerised distribution centre at Milton Keynes was completed in October, in order to meet the increased



Rolls Royce from Jack Barclay

demand for vehicle parts and accessories from 355 well spread dealerships.

In East and Central Africa sales of trucks and tractors increased by over 28 per cent., but in West Africa sales have not yet returned to the levels attained in past years.

In Nigeria we have signed a nationwide distribution agreement for

locally produced Mercedes commercial vehicles and we assembled and sold 35,000 Yamaha motor cycles. Over 7,000 outboard engines were sold, and volume production of glass fibre workboats has started up.

Aircraft and Cargo

Tradewinds, the cargo airline flying Boeing 707's out of Gatwick Airport, staggered through the year, against overseas competition, which it found difficult to meet on equal terms. We shall need to find a new formula.

The Beechcraft dealership in Africa sold 70 of these useful medium range planes.

Kendall Globe, travel and freight agents in the United Kingdom, has expanded comfortably.

Lonrho operates medium range turbo-prop aircraft in Africa and one Grumman II jet. We also represent Grumman in most African countries.

Textiles

The range of co-ordinated bedlinen marketed under the brand name "Accord" proceeded as planned to be the number two brand in the United Kingdom. 1980 saw the fruition of plans for the Brentford's chain of shops, which aims at a mass market. New store openings brought the chain to 50 by December, 1980. Store image and ranges have been completely restyled. Lonrho Textiles Limited continues to make encouraging progress towards profitability.

Our textile subsidiaries in Africa have been very successful, increasing profits by 20 per cent. David Whitehead in Malawi exported 40 per cent. of their production to ten countries, in addition to catering for local demand. Production and sales of cloth in Zimbabwe exceeded 20 million metres.

Printing and Publishing

The acquisition of Harrison and Sons by SUITS was concluded during the early part of this year. This famous group prints company reports, text books and many other types of specialised paper, in addition to being one of the foremost printers of postage stamps in the world.

A highlight of the year for Harrison and Sons was the printing of the Post Office's commemorative stamp celebrating Her Majesty Queen Elizabeth The Queen Mother's 80th birthday.

Holmes McDougall, who print educational books, magazines and posters, had a subdued year partly because of Local Authority spending cuts.

Daniel Greenaway & Sons, the Group owned City, financial and security printers, are set to become the most sophisticated financial printers in Europe with the installation of computerised typesetting in its London factory during the year ahead.

Outramps, publishers of the "Glasgow Herald" and "Evening Times", moved to their new premises in Albion Street, Glasgow. Sales of the "Glasgow Herald" and "Evening Times" average 330,000 copies a day during the year, whilst advertising volume was at a similar level to 1979. Outramps have announced plans to launch a new Scottish Sunday newspaper.

Overall the performance of our printing and newspaper publishing companies in Africa has improved, after some difficult years.

Export Confirming and Broking

The international financing operations of Balfour Williamson did well against exceptionally high interest costs for all major international currencies and the increasing strength of sterling.

John Holt's export confirming with West Africa has improved in line with the upturn in the economies of the countries concerned. After a few difficult years of import restrictions, the future looks promising once more.

Our cotton broking firm handled approximately 34,000 tonnes in a quiet market.

Property

We are continuing to dispose of residential properties in England, whilst retaining, through our wholly owned subsidiaries, London City and Westcliff and AVP Properties, a portfolio of good quality industrial and commercial properties.

Department Stores

Lonrho Limited has a £75 million investment in the House of Fraser, just under 30 per cent. of the total issued share capital—there are no other major shareholders. House of Fraser owns Harrods, Debenhams, John Deane, John Barker and other fine department stores. Shareholders perhaps know that we are not happy with some recent House of Fraser Board appointments. On 28th January, 1981 we announced that we would be making an offer for the balance of the issued ordinary shares at 150p per share.



Wines, Spirits and Beers

After an extensive promotion and marketing exercise in the United

Kingdom, volume sales of Whyte and Mackay whisky increased nearly 40 per cent. to reach nearly eight million litres for the year.

At the vineyards, the size and quality of the 1979 vintage enabled your Company's Château estates in the Bordeaux region—Rausan-Segla (2nd cru classe), Smith-Haut-Lafite, La Garde, de la Tour and Olivier—to increase sales by 66 per cent. The shippers Louis Eschenauer had to contend with a fall in overseas demand, but the French wine operation altogether attained its highest ever profit level.

The Group's Pepsi-Cola plant in Kano, in its first full year, sold nearly 2.8 million cases, making it the largest Pepsi bottler in Nigeria; capacity is being increased in 1981.

We have also for many years been bottlers for Coca-Cola in Zambia.

In the United Kingdom the Ashe & Nephew off-licence chain continued to grow, with shops exceeding 300 by November, 1980 and turnover for the year rising by £7 million to £41 million, bringing an increase in staff to 2,382.

Engineering, Steel and Manufacturing

In Zimbabwe the profitability of our engineering and manufacturing companies improved. W. Dahmer and Zambesi Coachworks, who are two of the country's leading bus, truck and coachbuilders, are projecting a healthy increase in sales for the forthcoming year.



The Dwangwa Sugar Factory in Malawi

The engineering industry in the United Kingdom suffered two thirteen week strikes by the engineers and steel workers, which naturally meant major disruption of work in hand at your Company's plants.

At Hadfields of Sheffield steelmaking suffered substantially, which is disappointing; however, the engineering and steel processing companies still contributed to profits. Lightfoot Refrigeration had a particularly good year.

In common with all domestic furniture manufacturers, Homeworthy experienced a downturn. It is now concentrating its operations in its modern Sunderland factory. The Emerald and Pland companies, volume manufacturers of a wide range of stainless steel sink tops, traded successfully, as did Peter J. Hopkinson, plumbing factors.

Sheer Pride produced reasonable results and is developing new products for its range of office furniture.

Pipeline

After the Independence of Zimbabwe it became a priority to recommission our 180 mile pipeline connecting the refinery at Umtali in Zimbabwe with the port of Beira in Mozambique. The pipeline and its pumping stations have remained idle for 16 years.

Our team of engineers began work on pressure testing the pipe in September, 1980. The major part of the pipeline has been proved to be in good order, although a portion will need to be replaced where it crosses the Pungwe marshes.

The line was designed for pumping either crude oil or refined products, and, until such time as the refinery is on-stream, it will pump refined products from Beira to Umtali. Our breach of contract claims against Shell and BP continue in arbitration.

Conclusion

Many companies and projects are not particularized in this condensed review, nor can I name all the able and enthusiastic people whose services the Group is fortunate to have. With their support, we intend to look forward to continued growth.

I'd like to take this opportunity of thanking them, and saying how much pleasure it gives the Lonrho Group as a whole to offer a satisfactory year's results to the shareholders.

Yours sincerely,
Tim Rowland

The seventy-second Annual General Meeting of Lonrho Limited will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Thursday 26th March 1981, at 12 noon.

LONRHO

Lonrho Limited, 138 Cheapside, London EC2V 6BL

The text is taken from the Chief Executive's review contained in the 1980 Report and Accounts which will be published later this month. Copies will be available from The Secretary, Lonrho Limited, 138 Cheapside, London, EC2V 6BL.

Commodities

[illegible]

US forecast of dearer copper

1980-81					
High Bid	Low Bid	Offer	Team	High Bid	Offer
46.4	22.8	International	45.8	49.7	1
24.6	22.6	Pref & Gille	21.8	23.3	2
27.1	22.7	Smaller Co's	25.4	27.0	3
Crescent Unit Trust Managers Ltd.					
4 Melville Crescent, Edinburgh.				831-228	46
41.9	25.3	American Fnd	37.9	40.8	9
73.9	6.6	International	64.2	80.1	7
53.9	41.7	Revenue Fnd	49.0	51.0	6

Discount market

	Market rates (day's range)	Market (close)
New York	Feb. 8 32.950-36.85	Feb. 8 32.340
Montreal	Feb. 8 32.950-36.85	Feb. 8 32.340
Amsterdam	5.38-5.45	5.42 1/2
Brussels	79.65-80.50	80.45 1/2
Copenhagen	15.43-15.45	15.41 1/2
Dublin	1.3315-1.3470p	1.3375
Frankfurt	129.5-130.0m	5.02-0.03
Lisbon	1.48-1.70 131-20c	130.70
Milan	1.3315-1.3470p	1.3375
Paris	3357-3401	3378 1/2
Oslo	12.82-12.87	12.87 1/2
Paris	11.45-53F	11.56 1/2
Stockholm	470-480	474 1/2
Tokyo	470-80	474 1/2
Vienna	35.15-655c	35.53 1/2
Zurich	4.489-505 1/2	4.54 1/2

Foreign exchange report

[illegible]

Sterling: Spot and Forward

[illegible]

Other

Markets

Australia	1.9563-2.0111
Bahrein	0.8220-0.8855
Finland	4.4560-4.4960
Greece	116.85-118.65
Hongkong	12.3210-12.3620
Iran	Not available
Kuwait	0.6375-0.6425
Malaysia	5.2050-5.2350
Mexico	54.50-55.75
New Zealand	2.4625-2.4825
Saudi Arabia	7.7895-7.8125
Singapore	4.8340-4.8640
South Africa	1.7775-1.7925

Wall Street

men to raise rates to compensate for full price increases. They also benefit from any increase in fuel supplies.

Home leader American Airlines added $\frac{1}{2}$ to 11 $\frac{1}{2}$. A block of 100 shares traded at 11 $\frac{1}{2}$. UAL in second place, rose $\frac{1}{2}$ to 23 $\frac{1}{2}$. World climbed $\frac{1}{2}$ to 22 $\frac{1}{2}$. Delta, despite lower January fuel and Usair $\frac{1}{2}$ to 20 $\frac{1}{2}$. Active Air Lines slipped $\frac{1}{2}$ to 8 $\frac{1}{2}$. General Motors continued its price gain, adding $\frac{1}{2}$ to 48, extended. Ford rose $\frac{1}{2}$ to 19 $\frac{1}{2}$ and Chrysler $\frac{1}{2}$ to six.

Retail chains reported mostly higher January sales and added gains. K Mart gained $\frac{1}{2}$ to 17 $\frac{1}{2}$. Wal-Mart added $\frac{1}{2}$ to 15 $\frac{1}{2}$. J. C. Penney

	Feb 5	Feb 6	Feb 7	Feb 8	Feb 9	Feb 10	Feb 11	Feb 12	Feb 13	Feb 14	Feb 15	Feb 16	Feb 17	Feb 18	Feb 19	Feb 20	Feb 21	Feb 22	Feb 23	Feb 24	Feb 25	Feb 26	Feb 27	Feb 28	Feb 29	Feb 30	Feb 31	Feb 32	Feb 33	Feb 34	Feb 35	Feb 36	Feb 37	Feb 38	Feb 39	Feb 40	Feb 41	Feb 42	Feb 43	Feb 44	Feb 45	Feb 46	Feb 47	Feb 48	Feb 49	Feb 50	Feb 51	Feb 52	Feb 53	Feb 54	Feb 55	Feb 56	Feb 57	Feb 58	Feb 59	Feb 60	Feb 61	Feb 62	Feb 63	Feb 64	Feb 65	Feb 66	Feb 67	Feb 68	Feb 69	Feb 70	Feb 71	Feb 72	Feb 73	Feb 74	Feb 75	Feb 76	Feb 77	Feb 78	Feb 79	Feb 80	Feb 81	Feb 82	Feb 83	Feb 84	Feb 85	Feb 86	Feb 87	Feb 88	Feb 89	Feb 90	Feb 91	Feb 92	Feb 93	Feb 94	Feb 95	Feb 96	Feb 97	Feb 98	Feb 99	Feb 100	Feb 101	Feb 102	Feb 103	Feb 104	Feb 105	Feb 106	Feb 107	Feb 108	Feb 109	Feb 110	Feb 111	Feb 112	Feb 113	Feb 114	Feb 115	Feb 116	Feb 117	Feb 118	Feb 119	Feb 120	Feb 121	Feb 122	Feb 123	Feb 124	Feb 125	Feb 126	Feb 127	Feb 128	Feb 129	Feb 130	Feb 131	Feb 132	Feb 133	Feb 134	Feb 135	Feb 136	Feb 137	Feb 138	Feb 139	Feb 140	Feb 141	Feb 142	Feb 143	Feb 144	Feb 145	Feb 146	Feb 147	Feb 148	Feb 149	Feb 150	Feb 151	Feb 152	Feb 153	Feb 154	Feb 155	Feb 156	Feb 157	Feb 158	Feb 159	Feb 160	Feb 161	Feb 162	Feb 163	Feb 164	Feb 165	Feb 166	Feb 167	Feb 168	Feb 169	Feb 170	Feb 171	Feb 172	Feb 173	Feb 174	Feb 175	Feb 176	Feb 177	Feb 178	Feb 179	Feb 180	Feb 181	Feb 182	Feb 183	Feb 184	Feb 185	Feb 186	Feb 187	Feb 188	Feb 189	Feb 190	Feb 191	Feb 192	Feb 193	Feb 194	Feb 195	Feb 196	Feb 197	Feb 198	Feb 199	Feb 200	Feb 201	Feb 202	Feb 203	Feb 204	Feb 205	Feb 206	Feb 207	Feb 208	Feb 209	Feb 210	Feb 211	Feb 212	Feb 213	Feb 214	Feb 215	Feb 216	Feb 217	Feb 218	Feb 219	Feb 220	Feb 221	Feb 222	Feb 223	Feb 224	Feb 225	Feb 226	Feb 227	Feb 228	Feb 229	Feb 230	Feb 231	Feb 232	Feb 233	Feb 234	Feb 235	Feb 236	Feb 237	Feb 238	Feb 239	Feb 240	Feb 241	Feb 242	Feb 243	Feb 244	Feb 245	Feb 246	Feb 247	Feb 248	Feb 249	Feb 250	Feb 251	Feb 252	Feb 253	Feb 254	Feb 255	Feb 256	Feb 257	Feb 258	Feb 259	Feb 260	Feb 261	Feb 262	Feb 263	Feb 264	Feb 265	Feb 266	Feb 267	Feb 268	Feb 269	Feb 270	Feb 271	Feb 272	Feb 273	Feb 274	Feb 275	Feb 276	Feb 277	Feb 278	Feb 279	Feb 280	Feb 281	Feb 282	Feb 283	Feb 284	Feb 285	Feb 286	Feb 287	Feb 288	Feb 289	Feb 290	Feb 291	Feb 292	Feb 293	Feb 294	Feb 295	Feb 296	Feb 297	Feb 298	Feb 299	Feb 300	Feb 301	Feb 302	Feb 303	Feb 304	Feb 305	Feb 306	Feb 307	Feb 308	Feb 309	Feb 310	Feb 311	Feb 312	Feb 313	Feb 314	Feb 315	Feb 316	Feb 317	Feb 318	Feb 319	Feb 320	Feb 321	Feb 322	Feb 323	Feb 324	Feb 325	Feb 326	Feb 327	Feb 328	Feb 329	Feb 330	Feb 331	Feb 332	Feb 333	Feb 334	Feb 335	Feb 336	Feb 337	Feb 338	Feb 339	Feb 340	Feb 341	Feb 342	Feb 343	Feb 344	Feb 345	Feb 346	Feb 347	Feb 348	Feb 349	Feb 350	Feb 351	Feb 352	Feb 353	Feb 354	Feb 355	Feb 356	Feb 357	Feb 358	Feb 359	Feb 360	Feb 361	Feb 362	Feb 363	Feb 364	Feb 365	Feb 366	Feb 367	Feb 368	Feb 369	Feb 370	Feb 371	Feb 372	Feb 373	Feb 374	Feb 375	Feb 376	Feb 377	Feb 378	Feb 379	Feb 380	Feb 381	Feb 382	Feb 383	Feb 384	Feb 385	Feb 386	Feb 387	Feb 388	Feb 389	Feb 390	Feb 391	Feb 392	Feb 393	Feb 394	Feb 395	Feb 396	Feb 397	Feb 398	Feb 399	Feb 400	Feb 401	Feb 402	Feb 403	Feb 404	Feb 405	Feb 406	Feb 407	Feb 408	Feb 409	Feb 410	Feb 411	Feb 412	Feb 413	Feb 414	Feb 415	Feb 416	Feb 417	Feb 418	Feb 419	Feb 420	Feb 421	Feb 422
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Indices

Based on trade weighted changes from Washington agreement
December 1971.
(Bank of England index 100).

EMS Currency R

	ECU central rates	currency against ECU	% from
Belgian franc	39.7897	41.6522	
Dutch guilder	3.7603	3.7778	
German D-mark	2.48362	2.55968	
French franc	5.47406	5.98334	
Dutch guilder	2.74363	2.83045	
Italian Lira	6.56972	6.93663	
Italian Lira	137.78	1231.97	

Dollar Spot

Austria	15.19-15.21
Switzerland	1.9445-1.9475

* Ireland quoted in US currency.
† Canada 31: US \$0.8359-0.8362

ates

change in central rate†	% change adjusted*	divergence limit % plus/minus
+4.68	+0.48	1.53
-0.28	-0.31	1.14
+4.73	+0.43	1.125
+2.43	-1.87	1.3557
+2.80	-1.50	1.512
-0.05	-0.05	1.685
+6.41	+2.11	4.08

Money Market

3 months	12 $\frac{1}{2}$ %	- 2 months	12 $\frac{1}{2}$ %
3 months	12 $\frac{1}{2}$ %	3 months	12 $\frac{1}{2}$ %
Prime Bank Bills (Dis.)			
2 months	13-13 $\frac{1}{2}$ %	3 months	13 $\frac{1}{2}$ %
3 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %	4 months	13
4 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %	6 months	13
6 months	11-11 $\frac{1}{2}$ %		
Local Authority Bonds			
1 month	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %	7 months	13-13 $\frac{1}{2}$ %
2 months	15 $\frac{1}{2}$ -16 $\frac{1}{2}$ %	8 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %
3 months	14-13 $\frac{1}{2}$ %	9 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %
4 months	14-14 $\frac{1}{2}$ %	10 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %
5 months	14 $\frac{1}{2}$ -14 $\frac{1}{2}$ %	11 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %
6 months	13-13 $\frac{1}{2}$ %	13 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %
Secondary Mkt. SCD Rates (%)			
1 month	14 $\frac{1}{2}$ -15 $\frac{1}{2}$ %	6 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$ %
3 months	13 $\frac{1}{2}$ -14 $\frac{1}{2}$ %	15 months	12 $\frac{1}{2}$ -13 $\frac{1}{2}$ %

and Tandy 1 1/2 to 4 3/4.
five American Telephone
has been doing research

Der.	\$553.80-512.00; June.
50.	\$500.00; July. 500.00; Aug.
50.	Der. \$560.10; Feb. 557.00
50.	Der. 558.20; June 557.80;
50.	\$617.00; July. 560.00; Aug.
50.	Der. futures closed a quiet session
50.	the high. The spot February
50.	gained .23 cents, settling at
50.	a record high of \$558.00.
50.	Der. \$526.00-525.00; April.
50.	Der. 525.00; May. 525.00; June.
50.	Der. 520.00; Sept. 521.50; Dec.
50.	Der. 520.00; Jan. 520.00; March.
50.	Der. May. 518.75; Oct. 518.00;
50.	Der. Sept. 514.00; Dec. 514.00;
50.	Der. futures ended an unimpressive
50.	session with gains of .05 to .33
50.	cents. The spot closed at \$515.00
50.	with March at \$516.65 cents and
50.	the futures at \$516.65; March,
50.	Der. 516.65; April, 516.65; May,
50.	516.65; June, 516.65; July,
50.	516.65; Aug. 516.65; Sept.,
50.	516.65; Oct. 516.65; Nov.,
50.	516.65; Dec. 516.65.

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Foreign exchange—sterling and dollar	23.30	69.15	45.45	50.60	59.01
30-day	23.70	69.70	45.90	51.10	59.51
3-6 months	23.70	69.70	45.90	51.10	59.51
1-3 years	23.70	69.70	45.90	51.10	59.51
5-10 years	23.70	69.70	45.90	51.10	59.51
10-20 years	23.70	69.70	45.90	51.10	59.51
20-30 years	23.70	69.70	45.90	51.10	59.51
30-40 years	23.70	69.70	45.90	51.10	59.51
40-50 years	23.70	69.70	45.90	51.10	59.51
50-60 years	23.70	69.70	45.90	51.10	59.51
60-70 years	23.70	69.70	45.90	51.10	59.51
70-80 years	23.70	69.70	45.90	51.10	59.51
80-90 years	23.70	69.70	45.90	51.10	59.51
90-100 years	23.70	69.70	45.90	51.10	59.51
100-110 years	23.70	69.70	45.90	51.10	59.51
110-120 years	23.70	69.70	45.90	51.10	59.51
120-130 years	23.70	69.70	45.90	51.10	59.51
130-140 years	23.70	69.70	45.90	51.10	59.51
140-150 years	23.70	69.70	45.90	51.10	59.51
150-160 years	23.70	69.70	45.90	51.10	59.51
160-170 years	23.70	69.70	45.90	51.10	59.51
170-180 years	23.70	69.70	45.90	51.10	59.51
180-190 years	23.70	69.70	45.90	51.10	59.51
190-200 years	23.70	69.70	45.90	51.10	59.51
200-210 years	23.70	69.70	45.90	51.10	59.51
210-220 years	23.70	69.70	45.90	51.10	59.51
220-230 years	23.70	69.70	45.90	51.10	59.51
230-240 years	23.70	69.70	45.90	51.10	59.51
240-250 years	23.70	69.70	45.90	51.10	59.51
250-260 years	23.70	69.70	45.90	51.10	59.51
260-270 years	23.70	69.70	45.90	51.10	59.51
270-280 years	23.70	69.70	45.90	51.10	59.51
280-290 years	23.70	69.70	45.90	51.10	59.51
290-300 years	23.70	69.70	45.90	51.10	59.51
300-310 years	23.70	69.70	45.90	51.10	59.51
310-320 years	23.70	69.70	45.90	51.10	59.51
320-330 years	23.70	69.70	45.90	51.10	59.51
330-340 years	23.70	69.70	45.90	51.10	59.51
340-350 years	23.70	69.70	45.90	51.10	59.51
350-360 years	23.70	69.70	45.90	51.10	59.51
360-370 years	23.70	69.70	45.90	51.10	59.51
370-380 years	23.70	69.70	45.90	51.10	59.51
380-390 years	23.70	69.70	45.90	51.10	59.51
390-400 years	23.70	69.70	45.90	51.10	59.51
400-410 years	23.70	69.70	45.90	51.10	59.51
410-420 years	23.70	69.70	45.90	51.10	59.51
420-430 years	23.70	69.70	45.90	51.10	59.51
430-440 years	23.70	69.70	45.90	51.10	59.51
440-450 years	23.70	69.70	45.90	51.10	59.51
450-460 years	23.70	69.70	45.90	51.10	59.51
460-470 years	23.70	69.70	45.90	51.10	59.51
470-480 years	23.70	69.70	45.90	51.10	59.51
480-490 years	23.70	69.70	45.90	51.10	59.51
490-500 years	23.70	69.70	45.90	51.10	59.51
500-510 years	23.70	69.70	45.90	51.10	59.51
510-520 years	23.70	69.70	45.90	51.10	59.51
520-530 years	23.70	69.70	45.90	51.10	59.51
530-540 years	23.70	69.70	45.90	51.10	59.51
540-550 years	23.70	69.70	45.90	51.10	59.51
550-560 years	23.70	69.70	45.90	51.10	

EMS Currency Rates

change in central rate?	% change adjusted*	divergence limit % plus/minus
+4.68	+0.48	1.53
+3.29	-0.91	1.84
+4.73	+0.43	1.125
+2.43	-1.87	1.3567
+2.80	-1.50	1.512
+1.25	-0.05	1.085
+6.41	+2.11	4.06

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+3.29	-0.91	1.84
+4.73	+0.43	1.125
+2.43	-1.87	1.3567
+2.80	-1.50	1.512
+1.25	-0.05	1.085
+6.41	+2.11	4.06

3 months	$12\frac{1}{2}-12\frac{3}{4}$	4 months	13
4 months	$12\frac{3}{4}-12\frac{1}{2}$	6 months	$12\frac{1}{2}$
6 months	$11\frac{1}{2}-11\frac{3}{4}$		

Local Authority Bonds			
1 month	13-15 $\frac{1}{2}$	7 months	13-13 $\frac{1}{2}$
3 months	13-14	8 months	13-14
6 months	14-14 $\frac{1}{2}$	9 months	13-14 $\frac{1}{2}$
1 year	14-14 $\frac{1}{2}$	10 months	13-14 $\frac{1}{2}$
2 years	14-14 $\frac{1}{2}$	11 months	13-14 $\frac{1}{2}$
3 years	14-14 $\frac{1}{2}$	12 months	12-12 $\frac{1}{2}$

Secondary Mkt. SCD Rates (%)			
1 month	14 $\frac{1}{2}$ -13 $\frac{1}{2}$	6 months	12-12 $\frac{1}{2}$
3 months	13 $\frac{1}{2}$ -13 $\frac{1}{2}$	12 months	12 $\frac{1}{2}$ -12 $\frac{1}{2}$

the highs. The spot February contract gained 25 cents, settling at a pound, —Feb. 1.512.

90c.	May, 1,350.00c.	1,368.00c.
1,000.00c.	Sept. 1,431.50c.	Dec. 1,400.00c.
90c.	Jan. 1,502.00c.	March, 1,500.00c.
90c.	May, 1,573.00c.	July, 1,573.00c.
90c.	Sept. 1,644.00c.	Dec. 1,644.00c.

utures ended an unimpaired
with gains of 0.95 to 2.2
Contracts settle just off and
with March at 81.65 cents and
86.35 cents, up 0.05 and 1.05
respectively Feb. 82.65c; March,
83.70c; April, 85.00c; May,
86.35c; June, 89.60-89.90c;
July, 91.50c; August, 92.50c;
March, 95.80c; May, 96.30c.

PA Chicago 104 104 7
 Ex div. 3 Asked 6 Ex distrib
 1 Traded, 7 Unquoted.

Foreign exchange—Sterling, 36¢
 1920 12.34791; three months
 1920 12.34791; Canadian dollar
 1.1976 11.3457.
 The Dow Jones spot commodity was
 325.57. The futures index was 430.44.
 The Dow Jones averages—indus-
 try 325.57; utilities 430.44; com-
 mercial 69.13; 100.76.

With nearly 60¢ 54-53 and
 months up 21¢ 40-57.
 COFFEE futures recovered from early
 losses, closing 1920 12.34791 and
 1920 12.34791. The futures index was
 430.44.

23-100 Aug 54 55-56-57-58-59-60
 25-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 26-65c Jan 20-25-30-35-40-45-50-55-60-65-70-75-80-85-90-95-100
 27-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 28-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 29-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 30-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
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 33-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 34-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 35-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 36-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
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 39-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 40-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 41-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 42-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 43-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 44-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
 45-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100
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 100-100 Dec 20-50-55-60-65-70-75-80-85-90-95-100

Euro-\$ Deposits

1988-89		1987-88		1986-87		1985-86		1984-85		1983-84		1982-83		1981-82		1980-81		1979-80		1978-79		1977-78		1976-77		1975-76		1974-75		1973-74		1972-73		1971-72		1970-71		1969-70		1968-69		1967-68		1966-67		1965-66		1964-65		1963-64		1962-63		1961-62		1960-61		1959-60		1958-59		1957-58		1956-57		1955-56		1954-55		1953-54		1952-53		1951-52		1950-51		1949-50		1948-49		1947-48		1946-47		1945-46		1944-45		1943-44		1942-43		1941-42		1940-41		1939-40		1938-39		1937-38		1936-37		1935-36		1934-35		1933-34		1932-33		1931-32		1930-31		1929-30		1928-29		1927-28		1926-27		1925-26		1924-25		1923-24		1922-23		1921-22		1920-21		1919-20		1918-19		1917-18		1916-17		1915-16		1914-15		1913-14		1912-13		1911-12		1910-11		1909-10		1908-09		1907-08		1906-07		1905-06		1904-05		1903-04		1902-03		1901-02		1900-01		1899-00		1898-99		1897-98		1896-97		1895-96		1894-95		1893-94		1892-93		1891-92		1890-91		1889-90		1888-89		1887-88		1886-87		1885-86		1884-85		1883-84		1882-83		1881-82		1880-81		1879-80		1878-79		1877-78		1876-77		1875-76		1874-75		1873-74		1872-73		1871-72		1870-71		1869-70		1868-69		1867-68		1866-67		1865-66		1864-65		1863-64		1862-63		1861-62		1860-61		1859-60		1858-59		1857-58		1856-57		1855-56		1854-55		1853-54		1852-53		1851-52		1850-51		1849-50		1848-49		1847-48		1846-47		1845-46		1844-45		1843-44		1842-43		1841-42		1840-41		1839-40		1838-39		1837-38		1836-37		1835-36		1834-35		1833-34		1832-33		1831-32		1830-31		1829-30		1828-29		1827-28		1826-27		1825-26		1824-25		1823-24		1822-23		1821-22		1820-21		1819-20		1818-19		1817-18		1816-17		1815-16		1814-15		1813-14		1812-13		1811-12		1810-11		1809-10		1808-09		1807-08		1806-07		1805-06		1804-05		1803-04		1802-03		1801-02		1800-01		1799-00		1798-99		1797-98		1796-97		1795-96		1794-95		1793-94		1792-93		1791-92		1790-91		1789-90		1788-89		1787-88		1786-87		1785-86		1784-85		1783-84		1782-83		1781-82		1780-81		1779-80		1778-79		1777-78		1776-77		1775-76		1774-75		1773-74		1772-73		1771-72		1770-71		1769-70		1768-69		1767-68		1766-67		1765-66		1764-65		1763-64		1762-63		1761-62		1760-61		1759-60		1758-59		1757-58		1756-57		1755-56		1754-55		1753-54		1752-53		1751-52		1750-51		1749-50		1748-49		1747-48		1746-47		1745-46		1744-45		1743-44		1742-43		1741-42		1740-41		1739-40		1738-39		1737-38		1736-37		1735-36		1734-35	
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Gold

1990-91		1989-90		1988-89	
High	Low	High	Low	High	Low
Offer		Offer		Offer	
48	51	Schwab's Unit Trust Managers Ltd.			
49	51	Merrill's Lane, WGN 42P			
217.1	153.1	200 Capital (2)	158.0	171.0	
228.7	152.1	Income (2)	204.0	219.0	
36.0	29.0	De Account	114.1	129.0	
105.0	82.5	General (2)	132.0	159.0	
38.0	22.0	De Account	158.1	171.0	
		Europe (25)	21.0	27.0	

Authorized Units, Insurance & Offshore Funds

[illegible]

MLR disappointment

6 Forward bargains are permitted on two previous days

• Ex dividend, a Ex all, b Forecast dividend, c Corrected price, d Interest payment paid, e Price at suspension, f Exemption and yield exclude a special dividend, h Ex for company, i Pre-emptive figures, j Forecast earnings, k Ex for company, l Exemption, f Ex all, g Ex script or share split, i Tax free, y Price adjusted for listed dealings. ... No significant data.			
RECENT ISSUES			
Alited London Prop 5% Cnv 1999 (1)		C1060	
Bell A. 8% Cnv 1999-2001		1190	
Cherrier Water 5% Red 1985 (1)		1398	
Dunbar Group 21 Red 1983		453 (1)	
East Anglian Water 3% Red Pre 1985 (1)		1198	
East Worcester Water 8% Red Pre 1980 (1)		2108	
Enoch Water 5% Red 1985 (1)		2498	
Exchequer 12% A 1986 (1)		£404 (1)	
Exchequer 12% A 1986 (1)		£914 (1)	
Exchequer 12% A 1986 (1)		£204	
Long Merthyr Sec 7% A 2000-05		£451 (1)	
New York Inc Trgt 50p Ord		113 (1)	
Perkins & Co 10% A 2000 (1)		£198	
Treasury 11% 1988 A (1)		£198	
Treasury 11% 2003-2007 A (1)		£262 (1)	
	Latest date of return		
RIGHTS ISSUES			
Norwich 82p	Mar 37		14 prem 4
Issue price in parentheses. • Ex dividend, f Issued on 100p, g Under 100p, h 200 paid, b 250 paid, i Fully paid, c 540 paid, k 620 paid.			

